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Maclean's

CANADA'S WEEKLY NEWSMAGAZINE

Calgary

FEBRUARY 24, 1997

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PHOTOGRAPH BY JEFFREY M. HARRIS FOR MACLEAN'S
STYLING BY JENNIFER L. HARRIS
HAIR BY JENNIFER L. HARRIS
MAKEUP BY JENNIFER L. HARRIS
DRESS BY JENNIFER L. HARRIS

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Canadian Judge Louise Arbour is pursuing war criminals in Bosnia and Rwanda. Some critics question her credentials for the job

COVER PHOTO BY JEFFREY M. HARRIS

From The Editor

When cuts go too deep



An Alberta-based columnist on CBC's *Monk* made last week's report not surprise that a poll in his paper, the *Calgary Herald*, found that 52 per cent of Albertans loved health-care and hospitals as the most important issue in the province. The columnist has probably not had the misfortune to be hospitalized recently. It is not a fate to be wished on anyone, anytime, and certainly not during the current crisis in our health-care system.

Alberta is by no means alone. Across Canada, the system is, essentially, on life support because of federal budget cuts that have trickled down to the provinces, municipalities and hospitals. For people who lack the means to hire private nurses, who cannot go to private U.S. clinics or who do not have personal care aides—such as a good friend of mine in medicine—Canadian health care, as we once knew it, no longer exists. As Finance Minister Paul Martin presents his budget in Parliament this week, he can take no satisfaction from what his policies have done to devastate the lives of health professionals and their patients. Prime Minister Jean Chrétien may boast that Canada has won the United Nations' World Olympic, but he will get no medals for his government's woeful performance in health care.

In Alberta, Premier Ralph Klein, calling his election last week boasts about a budget surplus, but his words have a hollow ring to anyone living in hospital. Typically, our Calgary institution has had to cut full-time staff so drastically that part-time nurses are being brought in from 60 km away to keep some wards functioning. Nurses and doctors are so overworked on acute-care floors that they candidly admit not all of their patients are getting the attention they require. People are hustled out of secure beds and pushed into a makeshift home-care system that is not equipped to provide the care they need. Others are turned away from emergency departments because there are no beds. For those unable to go home, there is little chance of nursing homes, and the waiting lists are growing.

Across the country, a new urgency pervades waiting hours, as

family and friends maintain regular visits, bathing their loved ones, helping with medications and bringing food to the room. This phenomenon is not lost on the tense, overworked doctors and nurses who struggle to keep the health-care system going. Dr. Carolyn Bennett, a family physician who works out of Toronto's Women's College Hospital, started a recent seminar when she declared, "Don't ever dream of sending someone to the hospital on their own. The family should show up and do this. It's just what." But it is much more difficult, if not impossible, when family members live a long distance from the patient.

Maclean's Senior Writer Paul Kishia, a Toronto resident, described a case in point—his own—when he wrote a disturbing account of the care of his father, Murray, a prominent businessman and community leader, shortly before his death at Plummer Hospital in St. Catharines, Ont., last month. "I was shocked by the greed and greediness of his hospital environment," Kishia wrote. "My mother and I often found soiled diapers left discarded on the floor by his bed, and unwashed utensils on the waste table that was used for the food tray and medications. I was also alarmed by lapses in his basic care, like not getting fed." His article, which appeared in *The Star*, prompted an official investigation and a storm in the Ontario legislature about hospital budget cuts. Tellingly, others came forward to add their complaints to Kishia's.

Similar stories abound in many parts of Canada. As baby boomers confront their own mortality, they are wrestling with the care of aging parents. And the message they are hearing from their political leaders is unwelcome: in today's Canada, balancing the budget is more important than dignity for the sick. We have reached a state where men and women can devote a lifetime to their communities, but end their days as outcasts in a system that is being strangled—in the name of progress. Why?

Robert Lewis

Newsroom Notes:

Covering Calgary

For this week's cover package on booming Calgary, Maclean's turned to Calgary-based Mary Nemeth who has been the magazine's Calgary-based bureau chief since 1994. Since her return, says Nemeth, she has been "struck by the sense of confidence in the city" and its friendliness. "People actu-



Easter (MR), Nemeth downtown

ally talk to each other on elevators," says Nemeth. As for the high level of volunteerism, she observes, "Calgary is still small enough that individuals feel they can make a difference. The challenge for the city will be to manage growth."

Saskatchewan-born Dale Easter, who joined the magazine in November, recently moved to the Calgary bureau where he will work while Nemeth is on a maternity leave that will start shortly. Easter marvels at the number of fellow Saskatchewanians he has met in Calgary. "My theory," he says, "is it's Saskatchewan that made Alberta what it is today."



BOSS
HUGO BOSS

Photograph by Richard Axelsen



James, Kennedy. A need to change attitudes

Vast problem of abuse

Are your kids safe? (Cover, Feb. 10)
Aside from the conclusion that the Canadian public must have its collective head in the sand, As a social worker in child welfare for the past 20 years, I can only assure you that child abuse and neglect are of epidemic proportions in Canada. Because the victims are our least powerful citizens, it can't be ignored in a large debate by our politicians and mainstream media. Hockey player and abuse victim Sheldon Kennedy has publicly exposed only one part of this vast problem.

Bill Warren,
Porcupine & Phoenix, Man

The action accorded to Sheldon Kennedy for his courage in going public only serves to show the sad way our culture views this crime. Victims should be able to take it for granted that they can be open about the as-

sess and receive society's concern and care. Our culture has denied this promise to victims in the guise of protecting their identity. It is too late for protection. Let's blame the Graham-Jacobs and Paul Bernardos of this society and make them ashamed. Let's support the Sheldon Kennedys and try to change our attitudes so that other victims can be assured it is not their diagnosis, too.

Jo Wain,
Windsor, Ont. 26

Our present system aims at punishing the abusers, and rightly so. There are, however, a group of people who are equally guilty in each situation. These are the people in higher authority to the abuser who were informed of the situation at the time and decided to do nothing about it, presumably hoping it would go away. Is it not true that we tell a few more people who carry positions of responsibility accountable for what they know and what they do with that knowledge? It is also time our court system made these people aware of their legal, as well as moral, obligations to society. We must all be responsible.

Joan Tremblay,
Grand Falls, Nfld. 26

"From hockey to textbooks to scouting, the list is as long as sexual predators." Oh, really? What innuendo! What self-righteousness! What hypocrisy! Just like the same Canadian public and media that championed Ed Langer (the one whose graphic pictures showed adults and children having sex)?

Isn't this the same Canadian public and media that applauds and awards writers like Alice Munro, whose books contain passages of incest and pedophilia, but who never mention how gravely wrong these are? Why does it take so much to make people realize that attitude determines action? As long as children are viewed as "my right" or "my fulfillment," sexual or otherwise, instead of what they truly are, namely a blessing and a sacred trust from God, then the most dangerous person for any child is the one you see in the mirror.

Joan Smith,
Kelowna, B.C.

MP Joe Brown's private member's bill amending the establishment of a national registry of pedophiles is a step in the right direction. But the intent of this registry is, in part, frustrated by Canada's name-change agencies, which are not legally bound to report pedophiles to the police. Surely it is common that allowing convicted pedophiles to change their names makes it easy for them to establish themselves in a new com-

Comic-book history

It's nothing to laugh about," says Anne Walsh, the 62-year-old survivor of the 1917 Halifax Explosion, quoted in your recent article about the education of comic book on this subject ("Eastern aftermaths," Opening Hours, Feb. 10). With all due respect to Ms. Walsh and the suffering she endured, was it absolutely necessary to conclude your piece on this note? Frankly, those of us who create comic books are getting tired of celebrating the basic viciousity of our art form. Questioning the historical accuracy of the comic book is perfectly legitimate because it is a question of content and execution. It is not valid, as far as I am concerned, to denigrate the very existence of the publication simply because it is a comic book. As a history teacher, I think that McClelland & Stewart and the CIBB Foundation should be commended for finding an unexplored, exciting way to teach Canadian history. As an artist, I publicly reserve the right to tell my story—no matter how painful it may be—in my medium of choice.

Mark Stuenkel,
Montreal

manly affording them access to new victims. Ironically, it also makes it possible for the offenders to do something that they victims will never be able to do: escape from their past.

Elizabeth Ross,
Toronto

'Naming of names'

Contrary to what your article suggests, "Blood pressure," Canada, Feb. 10, the Red Cross, in seeking leave to appeal to the Supreme Court of Canada, is not trying to prevent Justice Horace Kupper from blaming current or former Red Cross employees in his final report. The names of individual Red Cross employees and officers involved in these events are a matter of public record. The charges in the notices, however, are based on unsubstantiated allegations and contain language that is equivalent to civil or

CLARIFICATION

Contrary to information in the Dec. 2, 1996, issue of Maclean's, St. Michael's Hospital in Toronto paid APM Inc. a predetermined fee for consulting services, not a percentage of budgetary savings. APM and the hospital agree that the identified savings exceeded the fee paid by many times.

the grammy awards

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alanis morissette celine dion
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wednesday february 26

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Backstage



Anthony Wilson-Smith

Why Chrétien is rooting for Klein

Strange as it now seems, there was a time in the early 1980s when Alberta Premier Ralph Klein—then mayor of Calgary—was suspected in his home province of being a closet Liberal. That, at a time when there were about as many card-carrying Liberals as there would be members of the Bloc Québécois in Alberta today. One cause for curiosity about Klein's political persuasion was his warm relationship with Jean Chrétien, the then cabinet minister in Pierre Trudeau's government. The two men got along so well, in fact, that one adviser to the Prime Minister today insists that Klein used to sometimes tell Chrétien "if you ever become Liberal leader, I'll run for you."

That, of course, never happened. Instead, the temptation is to say that Klein, the leader of Alberta's Progressive Conservatives and head of the most aggressive defunding-frog government in Canada, turned out to be the antithesis of a traditional Liberal. But it would be a mistake to take the most seemingly logical step and presume that Chrétien and the federal Liberals—who likely face their own election later this year—have for the want to happen to Klein and Jim Topp in the province's election on March 13. For reasons both strategic and personal, it would suit the Liberals just fine to see Klein re-elected.

For starters, there is the issue of happy precedent. The Alberta Tories have a huge lead in the polls; a loss would constitute an upset of remarkable proportions, and the federal Liberals, with their own commanding lead, would rather not see such evidence of voter volatility. Chrétien's Liberals and Klein's Tories will run low-risk, near-identical campaigns. Each will be built around the personality of a popular, pragmatic leader who governs more by instinct than ideology.

Because of that, forget the simplistic notion that the election amounts to an endorsement of Klein's budget cuts or, conversely, that Klein, who has arguably the shrewdest political instincts of any Canadian leader, now refers to the cuts as the past tense and promises increased spending in key areas, such as health, in coming years. That suggests a belief that anti-government sentiments are receding in Ottawa this week. Finance Minister Paul Martin's pre-election budget is adopting the same tack. Martin is imposing no new spending cuts, announcing some new initiatives in social programs, and offering the slightest promise that the book-tax break is over.

And yet, consider Klein in Quebec. On that score, Klein is regarded by Chrétien and his advisers as a moderate on most related issues. "His vision may not always be ours," says a Chrétien adviser, "but at least he has one." Klein has refused to pander to complaints within Alberta about official bilingualism, and is considered by Chrétien to be open to the idea of giving Quebec constitutional

recognition as a distinct society. With the popularity that Klein enjoys among both voters and his fellow premiers, he could play a crucial role in any future constitutional negotiations. Klein has denied supporting distinct society, but one associate suggests that his reluctance to take such a step is based on the fact he is required under Alberta law to hold a referendum on any constitutional change, and thus the consequences if such a proposal were to be failed.

Further evidence of shared sympathies is the lack of cancer on both sides when they disagree on issues. Martin has told friends that he considers Alberta Treasurer Jim Dinning—who is not running for re-election—the counterpart that he respects the most among provincial finance ministers. The most severe criticism of

Klein's government from Albertans has come on health care. In a poll conducted last December, 56 per cent of Albertans cited health care as their greatest concern. One reason for the decline in services is cutbacks in federal transfer payments to provinces. But the normally outspoken Klein has been quiet in his criticism of Ottawa. Similarly, the federal Liberals, who plan to make maintenance of the Canada Health Act a major election issue, have watched the Alberta controversy from the sidelines. Both sides, it appears, will observe an unofficial non-aggression pact in each other's election. "We sure as hell won't do anything against Klein, and obviously he'll look on aside," says a federal Liberal planning to run in the Calgary area. If all remains unchanged, the Liberals, who are neck and neck with Tories in Alberta, in some polls, stand to substantially improve from their present bar of Alberta's 36 seats.

Then, consider Reform leader Preston Manning. Manning, Chrétien and Klein all share an unfortunate propensity for showing up at election time in denim shirts in order to prove their rugged-hicks credentials. But after that, Manning is odd man out. Chrétien and Klein are friends; Klein, a friend of federal Tory leader Jean Chrétien, has nothing to gain from the political success of Manning, another conservative Albertan purporting to speak for the West. And despite claims by Reform MPs that the Alberta Tories are their ideological soul mates, the reality is that the anemic Manning and the bumptious, beer-drinking Klein get along about as well as two cats in a sack.

In the Alberta election is a microcosm of the national campaign to come? No. Albertans, the most American of Canadians with their suspicion of government and emphasis on individuality, are far from representative of national segments. But along with British Columbia and Ontario, Albertans are one of three weaklings provinces most responsible for keeping Canada's economy afloat. Small wonder, then, that when it comes to political lessons, most Albertans feel that it is something they are much better placed to give than to receive.

Opening Notes

Edited by BARBARA HICKENS

Funny about money

It's a David and Goliath story for the 1990s. For the past three years, Richardson Savings—a credit union with 13 branches in the Vancouver area—has taken on Canada's big banks in popular, tongue-in-cheek print and radio advertisements. "The latest round again focuses on a fictional financial institution called Humungous Bank, a fictitious bureaucracy with no regard for its customers. In one attack, Humungous Bank's ten-playing CEO crows "Thanks to my bank all my retirement dreams came true." Less prominently featured in each ad is the Richardson Savings slogan, "We're not a bank. We're better."

While the award-winning ads again have some British Columbia residents chuckling, the banks are clearly not amused. "Bank employees are being hurt who are conscientious, hardworking and dedicated to serving their customers," says Margaret Richmond, B.C. and Alberta director for the Canadian Bankers' Association. Two years ago, then-association president Helen Sinclair asked Richardson Savings to stop the ads—to no avail.



Keener on a Canada watch

Washington has become the improbable venue for a nasty little dispute involving officials of the Canadian and Quebec governments. At the center of the spat is Keith Keener, 48, a mid-level analyst with the U.S. Defense Intelligence Agency who's using his own government for voicing his controversial views by leaking bits from taking part in, or findings, an academic conference on Quebec, Canadian officials, it seems, had planned to Keener's bossess that the analyst is too sympathetic to the idea of Quebec independence. But three's more to the force. In a court deposition, Keener claims he was approached by a Canadian military intelligence officer who tried to pry from him information about the activities of Marc Blais, Quebec's senior representative in



Washington. "It is against American law for a foreign intelligence officer to gather information on Americans and, including the gathering of personal information on a fellow American national," Keener said. Canadian Embassy officials confirmed they were not aware of any concern over Keener's view that Quebec independence is only a matter of time. A judge was scheduled to hear Keener's case on Feb. 18—in time for him to attend the conference if the win.

TECHNOLOGY WATCH

Cell's distractions

When Dr. Donald Redelmeier telephoned a patient in his car several years ago, the conversation ended abruptly after the patient said he could not talk, any longer because he had just been in a collision. Although no one was injured in the head-on crash, Redelmeier says the use of mobile cars has worried so many others have since cellular phones became widely popular in the late 1980s, whether talking on the phone while driving increases the risk of having an accident. As a scientist—Redelmeier is director of clinical epidemiology at Toronto's Sunnybrook Health Science Centre—he was in a position to find out. Last week, Redelmeier and fellow researcher Robert Whitburn published the results of their 34-month study, funded by the Ontario ministries of health and transportation, in the *New England Journal of Medicine*. Their findings? The risk of a collision when using a cellular telephone was four times as high as that among the same drivers when they were not using their cell phones. "This is a major risk," the researchers noted, "is similar to the hazard associated with driving with a blood alcohol level at the legal limit."



Roger Pomeroy, president of the Ottawa-based Canadian Wireless Telecommunications Association, says members of the industry concurred with the study by providing billing records and helping with methodology. "It's no rocket science although we did raise some questions about some of the finer points," he added. In particular, Pomeroy said he was surprised by the finding that phones that allowed the hands to be free did not appear to be safer than hand-held ones. "It that data's true, the simple act of having a conversation with a pager could also be a hazard," he said. Redelmeier, too, was surprised by the finding. And while the study did not address that particular issue, he said the two types of conversations are different for any number of possible reasons. "A passenger is not just a distraction, but can be a multi-tasker," he explains. "They can be sensitive to roadway conditions."



Taking over Procter's office, too busy

Protests, '90s-style

Angry over expected tuition fee increases, students at the University of Toronto staged a women of Ontario protests where they set up camp at the office of president Robert Procter last week. Their actions prompted students at York University and the University of Guelph to follow suit. Meanwhile, students at Ryerson Polytechnic University gave president Claude Lévesque the cold shoulder by delivering 30 blocks of ice weighing 400 lb to his office. "This is a message to Claude to freeze tuition now," said Victoria Donovan, president of the Ryerson Student Administrative Council.

The protests follow as Ontario government decision to allow universities 10 more tuition fees by 1997 for the academic year beginning in the fall. In the past two years, tuition fees have risen by 36 per cent at Ontario universities, putting them at around the national average. The hike would put the maximum full-time undergraduate tuition at \$2,223, up from the current \$2,125.

The presidents of Toronto and York universities indicated that, because of grant reductions, they still intend to recommend the tuition increases in their governing councils (administrators at Guelph and Ryerson have yet to decide whether to pursue an increase). Despite the protests, the universities' 10-per-cent tuition increase is certain to become Ontario students' 10-per-cent headache.

No Moonies there

The Washington Times, the U.S. capital's No. 2 paper, has had an image problem ever since it was founded in 1967. It is owned by the United Methodist Church of New York. In 1982, a Washington Times editorial was widely regarded as a religiously insensitive attack on the controversial leader, leader the sect's founder, however, it is a different matter. About a dozen of the roughly 100 editorial staffers are church members, and employees who do not belong to the group have found an unusual way of retiring to them. It is considered impolite, not to mention impolitic, to use the pejorative term "Moonies"—so some staffers privately refer to them as "Canadians." So no known why Canadians was adopted as a joke word, but one employee says it's a matter of being respectful. "After all," he adds, "they're just psychopaths."

BEST-SELLERS

- FICTION**
1. *House of Illusions*, Isaac Asimov (1)
 2. *Steel Dawn*, Vincent Brown (2)
 3. *The New Rules*, Ann Meehan (3)
 4. *Heart's Rest*, Victoria Crawford (10)
 5. *The Englishman's Boy*, Guy Vanderhaeghe (10)
 6. *The Nine of Hearts*, John Le Carré (1)
 7. *The New Girl*, Ann Meehan (3)
 8. *Between*, Michael Ondaatje (1)
 9. *The New Girl*, Ann Meehan (3)
 10. *The New Girl*, Ann Meehan (3)

- NONFICTION**
1. *Book, Bad Idea*, David Post and David Solomon (1)
 2. *Simple Machines*, David Solomon (1)
 3. *The New Rules*, Ann Meehan (3)
 4. *Let's Go to the Sun*, Michael Ondaatje (1)
 5. *Between*, Michael Ondaatje (1)
 6. *The New Girl*, Ann Meehan (3)
 7. *The New Girl*, Ann Meehan (3)
 8. *The New Girl*, Ann Meehan (3)
 9. *The New Girl*, Ann Meehan (3)
 10. *The New Girl*, Ann Meehan (3)

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Passages

MARRIED Newscaster singer-songwriter Seth McLachlan, 29, and Auliva Sood, 29, the drummer in her band, while on vacation in Jamaica. The two, who have worked and performed together for about five years, have been dating for about two years, according to a spokeswoman for McLachlan's record producer company, Newkirk Productions in Vancouver. She described the wedding, which took place in



a gazebo overlooking the Caribbean, and they were

reunited by McLachlan and Sood were in

Montreal recording McLachlan's new

album, which is scheduled for

release in June, when they will

be back in a bank and flew to

Jamaica.

LOST A \$330 bet about the existence

of angels, in some aspects of

black holes in outer space, by physicist

Stephen Hawking, 55, of Cambridge

University in England. Hawking, whom

many scientists regard as the intellectual

heir of Albert Einstein, said few physicists

John Preskill and Kim Vinnik of the

California Institute of Technology after

a computer model showed that a

simply is theoretically possible.

RETIRED Ski racer Bob Rye, who won

three World Cup downhill races in 17 seasons

after retiring his last in 1985, says he

will be making the 30-year-old ski racer and

retirees of the so-called Quaker Cars,

but he remains the one Canadian ever to

win a World Cup downhill on home soil—in

his home town, Whistler, B.C., in 1985.

DIED Foreign policy expert Ewart

Foster, 83, who helped to fashion the

United States and the Marshall Plan

in the 1940s and was later a Cold War

historian of Canadian origin, in Washington.

BORN To pay superstar Michael Jackson,

38, and his wife of three months, Debbie

Rowe Jackson, 37, a baby boy (Michael

Jackson Jr.), in a Los Angeles hospital. The

hospital provided few details, other than

the fact that mother and child were both

doing well. More star Elizabeth Taylor will

be the godmother.

BORN To Julie Cypher, 32, the lesbian

lover of rock musician Melissa Etheridge,

an eight-pound, 10-ounce daughter, Bailey

Joan, in Los Angeles.



Calgary: the nation's centre of gravity is shifting perceptibly west

On Top of the World

Calgary is a powerhouse of the 'new' West

Canada

COVER

BY MARY NEMETH

Calgary is a city of sleek glass office towers and sprawling communities, a place where the sun usually shines and the wind usually blows. It has a freshness about it, a vibrancy, a sense of confidence and newness. It likes to see itself as a place on the edge of the frontier, where people put greater stock in enterprise and risk than they do in time-honoured or old-school ties, where cowboy hats bob unconcernedly past pinstriped suits downtown. It is also conservative, some-

times even a bit parochial. It has one of the youngest, most highly educated populations in the country. And yet when a local theatre company stages a play with gay themes and nudity—even a Pulitzer Prize-winning one—it sets off something of a tempest. And when winter drags on and cars begin to sizzle and bounce along snow-rutted residential streets, some Calgarians pen indignant letters of complaint to the local newspapers. But others—fervent fiscal conservatives—write to cheer the city's austerity. Who needs snow plows, anyway? There will always be another warm chinook wind to melt the snow—or another oil price hike, another rally on the market, another world event

to raise spirits. Like the Olympics or perhaps in Expo this time.

The confidence is palpable. Calgary is booming—creating jobs, building houses, expanding the economy at break-neck speed. It is an ideal economic backdrop for an incumbent government—especially since growth in Calgary and the rest of Alberta have helped Premier Ralph Klein and his budget-cutting Tories deliver a \$2.2-billion surplus in 1996-1997, according to the provincial budget announced last week. Klein seized the moment to call a provincial election, in the wake of recent polls showing his party with a commanding lead (page 20).

But regardless of the judgement of Alberta voters, the

PHOTOGRAPHY BY
PETER BRIDGMAN/LEWIS



On the move: an outdoor lifestyle of running, cycling and in-line skating

Setting the fiscal pace for Central Canada

Rich government's deep spending cuts have already had far-reaching ramifications—emboldening Ontario and Quebec to join the budget-cutting brigade.

That Alberta is setting the fiscal pace for Central Canada is itself remarkable—a signal of the West's growing political influence. The region certainly has more economic clout than it used to—and a new sense of its own importance. Even the so-called have-not provinces of Saskatchewan and Manitoba have been putting around spare \$20. Of late, British Columbia, the most wealthy of the western provinces, has seen its booming economy slow down. Alberta is now expected to grow even faster than its western neighbor—but both have a notorious pot problem. Although British Columbia and Alberta account for only 30 per cent of the Canadian population, they produced as many jobs in the country last year. Mighty Ontario produced most of the rest. "Toronto will still remain the dominant city," says David O'Brien, chairman, president and CEO of CP Ltd., which moved its principal executive offices to Calgary last year. "But the West will be much more powerful in the Canadian context in the next 20 to 40 years than in the previous period."

In Calgary, a city riding the peak of the western wave, many locals still incantation by the bust that followed the last rash of success refuse to speak the boom word. One of the local newspapers even has a front-page headline explaining how the city is only "bubbling," not booming. And this boom is indeed less dramatic than the last—construction cranes are absent where once they cluttered the downtown skyline. Still, Calgary is the economic heart of a province that has outperformed the Canadian economy in every year since 1990 except one, according to Zimetrics, an Ottawa-based economic research and forecasting firm. Half a century after drilling first hit oil near Leduc, Alta., setting the province on a course towards prosperity, most forecasters are now predicting that Alberta will either lead Canada or come a close second to a resurgent Ontario in 2017.

The Conference Board of Canada puts overall GDP growth in

Alberta at 3.2 per cent in 1997, compared with a national rate of 2.9 per cent. John McCullum, the Royal Bank of Canada's chief economist, says that while all of Canada will benefit from low interest rates, Alberta has the added advantage that the provincial government seems to have finished with budget cutting. The province also enjoys a prosperous farm economy and strong oil profits. And diversification into areas like petrochemicals and high technology, along with reductions in the cost of oil recovery, mean that Alberta has less value to lose as oil prices drop than it used to be. "I think that Canada will lead the Group of Seven in growth in the next couple of years, that Alberta will be number 1 in Canada—and Calgary is at the core of Alberta," says McCullum. "So it kind of puts Calgary on top of the world."

The night explains with optimism with which Calgary is pursuing its bid to host a world Expo in 2005, a historic challenge to a larger Expo proposal from Japan—and a clear effort to recreate some of the excitement of Calgary's 1988 Winter Olympic Games. That same enthusiasm is evident in the city's lifestyle. By day it generally plays as well as inclusion, Calgary fosters outdoor activities—hiking or skiing in the nearby mountains, or running, cycling and in-line skating along the 330 km of pathways that snake through towns.

On still summer evenings, it is a common sight—Beverly Hills boistered against the public's view of the setting sun as they walk in the Bow River running through the heart of the city. In winter, dressed in the bag one is confined to sleazebag Country Pleasures, where embassies browse among the rods and waters and the well-worn half of leathers, boots and other peripheralia waiting to be hatched into film. Jim McLennan is an author and part owner of the store. And he maintains that there is no other true sense of the Bow River's quality over any other city of Calgary's size. "The wonderful luxury about being here," says McLennan, "is you can go

home and read the newspaper, put the kids to bed and go out and fish for an hour at 8:30 or 9 o'clock. And my fishermen in other parts of the world are very jealous of that."

Some of these outsiders are moving in—though why is not the only reason. The biggest draw is employment. Calgary created 32,800 new jobs last year, and the population grew to 757,228, a gain of 11,000 over the previous year. Evelyn Collins, 34, a Canadian Pacific Railway employee, moved from Montreal with her six-year-old daughter, Doreen, when her company transferred to west. She is impressed by what she calls a basic trustworthiness in Calgary, citing the honest system on the city's light rail transit. All short-term transit passengers to buy tickets, although they do some spot checks as well. "You would never in a million years get that back seat," Collins says. She also likes the friendliness of neighbors and the city's general sense of confidence. "It's modest," she says, "this sense that we're a happening place. It reminds me a lot of Montreal in the early '70s—a place to be proud of."

Signs of Calgary's flourishing economy are everywhere:

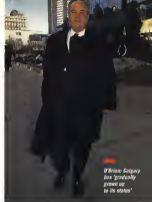
- The city is now second only to Toronto as a corporate head-office centre. It is home to 92 of The Financial Post's top 150 firms, led by 1995 revenues. Toronto has 118.
- Calgary has the lowest unemployment rate of any major centre in Canada, just 6.5 per cent. The national rate is 8.7 per cent.
- Oil prices outstripped all expectations in 1996, when Canadian crude oil at Edmonton averaged \$21.44 (U.S.) a barrel. Although oil prices have edged recently, crude was trading around \$26 in December—the highest prices since the Persian Gulf War of 1991.
- Corporate income tax receipts in Alberta grew by 38 per cent in the 1995-1996 fiscal year. And for the first time ever, manufacturers paid more of that corporate tax than did the mining and oil wells sector.

• On the residential front, Calgary had a 1.6 per cent apartment vacancy rate, according to a fall survey by the Canada Mortgage and Housing Corp. And per capita, it had the most single family housing starts of any large Canadian centre last year.

Even office space is being soaked up. As local businesses expand and new companies, an office vacancy rate that ran as high as 38 per cent in the early 1990s has now tumbled to just 3.3 per cent—four points lower than the average in major Canadian markets, according to Royal LePage Commercial Inc. Calgary Mayor Al Duern says that lifestyle has led to do with the growth in the highly stable technology sector. "You're seeing it in the United States," he says. "You're seeing people moving out of Southern California to the Phoenixes and Denvers, the android cities. And they're doing it for lifestyle reasons."

Calgary has also diversified into fine chocolate, furniture-making—even its very own railway. CP Rail moved about 800 employees from Montreal, Vancouver and elsewhere in North America to the city. The principal

Colleen with daughter Doreen: "we're a happening place"



O'Brien: Calgary has "gradually grown up to its status"

executive offices of the corporate parent, CP Ltd., soon followed. Chairman O'Brien says both cities moved because the bulk of their businesses happens to be in Western Canada. But the companies, he adds, also had to pick a site where they could attract and retain staff. "There's no question there is an image of Calgary being less cosmopolitan than, say, a Toronto or Montreal—ended it is less cosmopolitan," says O'Brien. "But for many people, it offers advantages that outweigh that."

On the plan side, O'Brien cites a "good lifestyle," easy transportation, enough arts and entertainment, and lower housing costs and tax rates than some other centres. All but one of the 30 railway companies took up the offer to move. "So that's a pretty good business move," O'Brien says. "You have to recognize that some people were based in Vancouver and they might have viewed that as Lethbridge—except when they got their psyche here and they realized that a lot of it stayed with them." O'Brien, who moved from Montreal himself in the late 1970s, says Calgary was "kind of the new rich boy in the 1970s and early '80s." But the city, he adds, has "gradually grown up to its status."

In fact, the new players like CP Rail have helped shape a corporate landscape much changed since the last boom. Those were the days when premier Peter Lougheed ruled the province, when oil was first transforming Calgary from a sleepy Prairie community into a high-flying power centre. Oil fed a cocktail circuit about with tabs of bartenders and spent it, spreading the gleaming office towers downtown and produced the government revenues in Enbridge, the largest trust and system, major rail developments and the purchase of large tracts of public land. And yet the boom left, increasingly, towards a bust of the early 1980s—a traumatic period of bank ruptures and mass layoffs.

Combined with a federal high interest rate policy designed to cool an overheated central Canadian economy, that bust led to "forced a model of redistribution on Calgary," says Mayor Duern. "A lot of the downsizing or right-sizing, whatever the

Swinging times

PHOTOGRAPH BY PETER BRISMALEMAN

COVER

For 16 days in February 1988, Calgary hosted an Olympic extravaganza that put the city on world maps and left a legacy of facilities ranging from Canada Olympic Park to the speed skating oval to the Olympic Plaza downtown. The Games also gave Calgary—once derided as a mere cow town on the Prairies—a sense that it could play, and win, on the international stage. And while the city has been buffeted by the tides of economic fortune, it is now firing on all cylinders—and brimming with confidence. With oil and gas, high technology and a range of corporate headquarters, Calgary is riding a Western wave and pursuing its bid to host a world Expo in 2005.



Ladies' night at Cowboys Rouse Hall bar; Calgary skyline (top); Eau Claire Market (below) vibrancy



At the Cowboy Festival, selling sausages (top left); Calgary Flames game (right); creating jobs and expanding the economy at bank-upto speed



Setting a show; native art in Calgary Plaza (below); flourishing



Light-rail breezes on Banex system



Do patrol; at the YMCA (below) business principles take



In the money

Riding high, Ralph Klein calls a March election

First came the much anticipated budget—and the announcement that Alberta had not only finished the 1996-1997 fiscal year with a mounting \$2.2-billion surplus, but could run an \$800-million surplus next year. Then, as expected, the other shoe dropped. Manages after Treasurer Jim Denning tabled his document, Premier Ralph Klein called a snap election, expecting by taking the legislature that Albertans will go in the polls on March 11. Blasted by the success of his tough budgetary policies, the good press of recent surplus profits and a provincial economy riding high as a resurgence of the oil and gas sector, Klein could not resist a spring, partisan job at the opposition. Just before raising the election call, he turned to the Liberal benches, unable to hide a grin. "So long," said the premier, whose Tories held 54 seats to the Liberals' 29. "I don't think we'll be seeing each other again."

The legislature instantly dissolved into momentary chaos as government members erupted into gales of laughter and the Liberals shouted back calls. Given the political backdrop and 30-day campaign began, it was hardly surprising that Klein's lie agitated passions. Plans had been short for days as observers wondered, will he or won't he? When he finally did, Klein moved in the knowledge that, for now, many Albertans stand behind him. In fact, an Angus Reid poll on the eve of the election call gave the Tories 50 per cent support, with the Liberals at 24 per cent and the New Democrats at 11 per cent. That prompted some analysts to project that, if those numbers held, the Tories could win a landslide victory in the province's 65-seat legislature—reminiscent of the 1970s when the party under Peter Lougheed ruled Alberta as a virtual one-party monopoly. "If Klein gets 60 per cent of the vote, he could win 80 seats," says Paul McGoughlin, a veteran political analyst and publisher of *Political Scan*, an Edmonton-based newsletter. "It's that simple."

Are the Tories vulnerable? Maybe—and, ironically, thanks to a concept all but unknown in modern Canadian politics, governing with a surplus. The battle against the provincial deficit has been won, and the surplus is now earmarked to be applied against the province's \$4-billion net debt. But after four years of cutbacks and government

austerity, some Albertans are calling for the money to be plowed back into health care and social services. Liberal Leader Grant Mitchell is among them. Arguing that the province's easy economy is not the result of Tory budgeting—"Oil prices didn't respond to a balanced budget," he notes—Mitchell says that it is time for a more humane, and Liberal, government. "The election is about different values," he declares. "This is a government concerned only about money and the bottom line—we want to focus on the needs of people."

For NDP Leader Paul Barrett, the election revolves around getting New Democrats back into the legislature after being shut out in the 1993 election. To this end, the party is focusing on 15 seats, most of them in Edmonton, that it believes are winnable. But last week, Barrett was not exactly brimming with confidence. While fielding reporters' questions, she "imploded" voters to elect at least four New Democrats so the party could get official status in the legislature. "Our primary concern is these guys [the Conservatives] winning to record numbers," she said. "If they do, ideology will take over from what little common sense they have."

Klein, meanwhile, says that his campaign will be based on his government's record and a continuing commitment to a balanced budget without tax increases. In the past, he has responded to public pressure in 1993, faced with swelling support for a strike by hospital laundry workers, he responded by capping some planned health-care cuts. But he now shows no signs of altering his course of using surplus money for debt reduction, and is not offering voters any new tax relief. Late last week, as the campaign got off to a low-key start, he promised nothing more than to fix some of the province's highways. Albertans, Klein says, are not looking for anything fancy—"Just good common sense, good housekeeping and down-to-earth government." If the polls are any indication, he just might be right.

DAVE REISLER in Edmonton

Black gold: The oil and gas sector has fueled a \$2.2-billion surplus



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Prairie cousins

Saskatchewan and Manitoba are also prospering



LAST DAY'S
harvest flexing their
own economic
muscle

In some Alberta business circles, Saskatchewan is referred to as "the old country." That condescending remark might irritate some of the thousands of expatriates who have migrated to Alberta, but others to doubt would agree. And it still indicates how Alberta's economic dominance has relegated Saskatchewan—and Manitoba—to the status of poorer Prairie cousins. There is no denying that Alberta's economy—and Calgary's in particular—has been a magnet, drawing people from Saskatchewan and, to a lesser extent, Manitoba, to the "new" West. Almost 311,000 of Alberta's 2.6 million inhabitants came from Saskatchewan, making it the single biggest contributor of people to Alberta. (Ontario, with 10 times Saskatchewan's population, ranks a distant second with 152,000 former Ontarians now in Alberta.) Opportunity is the lure. "There is something about Saskatchewan that appeals a whole lot to people," says Brad McGaughey, "that's why so many are successful when they come to Calgary."

McGaughey should know. Born in Moose Jaw, Sask., he moved to Alberta in 1949 and is now the chairman of Calgary-based TriStar Ltd., the largest bulk commodity trading company in North America. He is also one of the four Saskatchewan-born owners—out of nine—of the Calgary Flames, and chairman of the Calgary and District Health Authority. The Saskatchewan influence extends deeply into Alberta's economy, society—even politics. Calgary Mayor Al Duerr is a son of Humboldt, Sask., who came to Calgary in 1956 as a Calgary city planner. He admits that Saskatchewan, which for years suffered from a net outflow of people, has always existed in the shadow of Alberta's economic attractions. But times may be changing. "I think Saskatchewan has gone through an economic spring sea," Duerr says, "and the migration to Alberta might not be as heavy as it was."

In fact, even as Alberta reemerges as an economic powerhouse, Saskatchewan and Manitoba are flexing their own economic muscle

For example, Saskatchewan boasts Canada's lowest unemployment rate: 6.3 per cent, compared with a national average of 9.7 per cent. A snow-birding population has been growing since 2002 and now stands at over one million—while the province's farm sector is stronger than it has been in more than a decade. The story is much the same in Manitoba. Unemployment is expected to fall to 6.6 per cent this year from a high of 9.7 per cent in 2002; the economy has grown by 8.8 per cent over the past four years, and population is up by 28,000 over the same period. In its 1996 economic review, the Conference Board of Canada proclaimed that Manitoba's economy is "firing on all cylinders."

For decades there have been stark political differences between Alberta and its Prairie neighbors, particularly Saskatchewan. Vigorously free-marketlike, Alberta has elected successive Social Credit and Conservative governments since the discovery of oil in 1947. Saskatchewan has remained largely the domain of the NDP and its precursor, the Co-operative Commonwealth Federation, with government enterprise as the preferred instrument of development. Now, ironically, the same oil sector that powers Alberta has given Saskatchewan's economy a shot at the sun. Last year, 2,800 oil and gas wells were drilled in the province, a 34-per-cent increase over 1996 and the second-highest annual number on record.

Much of the excitement in the Saskatchewan oilpatch centres on a major deep-sea discovery in the province's southeast announced last year. But the patch sector is also humming with production of more than seven million tons in 1996, only slightly short of 1995's record levels. Agriculture, meanwhile, long the backbone of the Saskatchewan economy, is stronger and more diversified than ever. Farmers have adapted to the 1995 loss of the Cows rate subsidy that provided cheap transportation for wheat by diversifying into other crops such as soybeans. Helped by a record grain crop of 25 million tons during a period of strong world prices, farmers' net income last year is expected to total close to \$1.5 billion when all the figures are tallied. That would be an increase of more than 50 per cent over 1990. "I remember hearing years ago that Saskatchewan has a 'P.O.W.' economy—potash, oil and wheat. It's the same today and all three are strong," says Eliot Horner, formerly from Regina, and who is president of Rider Resources, a Calgary-based oil and gas company.

In Manitoba, where the 2000 domestic product grew by 2.8 per cent in 1996 compared with 1.6 per cent nationally, diversification and growth in agriculture has been dramatic. Almost \$600 million has been invested in four new food processing plants. Moreover, employment in Manitoba increased by 14,000 over the course of the year—a job growth rate of 3.7 per cent, more than twice the national rate. Granted, Manitoba and Saskatchewan might not equal Alberta's stunning growth. But they are quietly sharing in the economic renaissance of the new West. □

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On guard for thee

She was it again last week—telling tough, grabbing headlines, inflicting her detractors—old just plain worrying headlines. Less from a year after her public banishment over the Goods and Services tax, Sheila Copps was back in the personal political bad girl. There was the threat to “play hardball” with the United States as the war at home over Canada’s cultural trade barriers escalated. There was the jolly promise to protect the CBC from further cuts. There was an internal party kerfuffle over her unexpected attempt to alter the new Copyright Act to benefit artists at the expense of broadcasters. There was her scathing accusation that Ottawa exclude television news and sports from the celebration of Canadian country—a national day that would force broadcasters to air much more Canadian drama, comedy and arts programming in prime time to meet the 50-percent Canadian-content requirement. And she sounded private broadcasters by proposing to force them to free up funds for domestic programming by putting a cap on the amounts they could bid for new Canadian shows. Canada’s minister of heritage just the government’s exulting

cultural guru was not just in the middle of the action—for much of last week, she was the action.

This is just where the outspoken, passionate, sometimes outrageous cabinet minister from *Harvard Square* to be. Some of her over-the-top government colleagues may have another view. Culture was not meant to be a Liberal election issue. But that was before the anger over the government’s sweeping cuts to the CBC and the reveal of division plans by American Culture Inc. Suddenly the question of whether Canada will have its own voice to tell its own stories is emerging as a hot-button issue. It is the touchstone of problems, one that has bedeviled past governments. But in noisy ways the culture flag seems aloofside for Copps, with her fire for the dramatic, her sweeping rhetoric, her deft one-word-at-a-time attitude. “If you do things you become a magnet,” she told *Mclean’s*. “If you don’t do things no one’s bothered getting fed.”

But with an election expected as early as June, rattling leaders could be costly. As one high-ranking Liberal cautions: “We don’t know what Sheila’s going to do, her own people don’t know what

Copps facing
Americanization

she’s going to do—maybe she doesn’t even know what she’s going to do.” Last week did little to calm party nerves. It began in a conference room in Ottawa, where Copps had gathered a blue-ribbon selection of the country’s cultural elite to search for new ways to defend Canadian culture. The timing of the long-scheduled meeting was fortuitous. It came just weeks after an intense World Trade Organization ruling that could eliminate traditional protections for Canadian languages from U.S. competitors.

Thus emboldened, the Americans were suddenly making loud noises, threatening further challenges to measures designed to nurture Canadian literature, movies and books. And Copps seemed to have lost control of her portfolio to her leaders in the Liberal cabinet when Trade Minister Art Eggleton suggested on Jan. 27 that foreign ownership restrictions and Canadian content rules may have to be re-examined.

But Copps subsequently reassured herself as Canada’s cultural warrior. During the week of Eggleton’s comments, she met with French government representatives and opened lines of communication with Italy and Ireland over long-standing strategic ties with “ allies that fear the Americanisation of culture around the world.” And she sounded equally confident as she emerged from the culture summit, threatening to pursue U.S. restrictions on foreign ownership in broadcasting before the WTO. On Jan. 16, in a case initiated by the United States, the trade body named an interim ruling against a Canadian movie tax meant to discourage American publications. U.S. magazines with Canadian editorial presence in Canada that have, for the most part, recycled American content—like Canadian advertising: “If the Americans insist on pursuing their domination of the world cultural community by using all the instruments at their disposal, they will expect the same in return,” she told reporters. “We are prepared to use all the tools in our arsenal to fight the domination that restrict our capacity to build our own culture.”

Her message was unambiguous—even if the example was a mistake one. Realistically, experts say there is little Canada can do under the North America Free Trade Agreement or with appeals to the WTO to make the United States loosen its broadcast ownership policy, which includes ownership of television and radio stations to 50 per cent. The reason: The policy is specifically exempted under NAFTA. Washington, meanwhile, argued as difference: “I can guarantee you that the U.S. trade representative’s office is not looking for an excuse to go after Canadian culture,” says Bill Markin, a former U.S. government trade negotiator and now a Washington consultant. But Gordon Kitchin, who was a key Canadian negotiator for the Canada-U.S. Free Trade Agreement, says it is important to occasionally remind the United States that it cannot take Canada for granted in trade matters. “This may be one of those times,” says Kitchin.

Dealing with the rising cultural trade problem will take more than empty threats. Copps says that despite the signs of increasing warfare within Liberalism, the government is unified on the issue. And she and Eggleton—who just weeks ago seemed at odds on cultural protection—spoke from the same script after the cultural

summit. Their message: The Liberals will continue to support Canada’s cultural industries.

But the big question remains how—especially if the WTO rules against Canada in its final decision, expected this summer. Copps says Ottawa would appeal. In the meantime, she told *Mclean’s* that Canada is working as a surrogate for cultural protections in negotiations with the Organisation for Economic Co-operation and Development and will probably “pounce” that with the WTO. “The government,” she says, is examining options—for example, the increased use of loans and loan guarantees—that might be a new way to provide support without proscribing trade repercussions.

Whatever the answer, does Copps have the clout to carry it off? Prime Minister Jean Chrétien, who admires her scrappy, partisan style, remains supportive. “Within the cabinet, though, she has even more than the usual share of detractors who criticize her style and her unwillingness to act the team player. Her propensity to make enemies has been highlighted by the party debate over Canada’s 73-year-old Copyright Act. Last year, Copps and Industry Minister John Manley reached a compromise agreement on changes to the act, intended to address the complicated issue of how to balance the interests of artists, publishers and broadcasters. But just before Christmas, as a parliamentary committee was studying the proposed changes, Copps championed 11 last-minute amendments to the act on the committee.

Those new amendments would force broadcasters to pay more to artists for the use of their work, which could, in the process, hurt small broadcasters who can’t afford higher fees. Liberal insiders

say that Manley—who forces lower fees for broadcasters—was shocked by Copps’s initiative. Other Liberals, meanwhile, have publicly taken aim at Copps. In early February, the party’s southern Ontario caucus voted in favor of a series of amendments tabled by George MP Brenda Chamberlain that would neutralize some of Copps’s proposed changes.

Around the cabinet table, her loudest critic is cabinet member her victim. When she became heritage minister in 1995, her credibility was seriously damaged after she lost a cabinet battle to halt more than \$400 million in budget cuts at the CBC—which was promised long-term stable financing in the Liberal first book. So large is the sum from that setback that Copps’s announcement last week that the government is now prepared to meet the commitment for stable CBC financing after the current round of cuts ends in 1998—and to reinstate \$20 million in funding to the radio service in April—was viewed as little more than pre-emptive damage control. “Sheila Copps is desperate and losing respect,” said a dispassionate *Montreal Star* columnist of the nationalist Council of Canadians. “Her party is fast throwing her a bone.”

But the cultural issue will not go away. Questions about the Liberal government’s handling of CBC cuts are not overpassing—the concern of some Liberal caucus members. Others are worried about the perception among some Canadians that the government might not be doing enough to protect Canadian culture. But action may rise the prospect of a Liberal victory in the next election. And then there remains the more predictable clamor of the culture questions—Copps herself. With an election looming, her efforts to create stage is not something new in the plot for some of her Liberal colleagues.

JOHN DE MONT in Ottawa

Sheila
Copps turns
up the
volume to
protect
culture

IT ALSO COMES IN BLACK

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Canada NOTES

CHILD-SUPPORT VOTE

The Senate passed the Liberals' child-support legislation after the government agreed to amendments. Conservative senators had been holding up passage on the grounds that the controversial bill was too harsh. Among the measures is a provision allowing for the suspension of payments belonging to parents who renege on their child-support payments. The bill also lessens the courts' discretion in determining child-support payments.

BLOOD ON THE ICE

A former official under a previous video made by the International Fund for Animal Welfare. The tape shows East Coast sealers with hooks hauling live seals from the water and sealing them on the ice after being shot. The IFAW claimed the tape depicts 144 violations of federal regulations. Federal Fisheries Minister Fred Miller said Ottawa will review the video, but added dispassionately that it was part of the IFAW's "annual crusade" to discredit the seal hunt.

A GUILTY VERDICT

Kamranvelli Vignarajah, alleged to be both a member of the terrorist Tamil Tigers and an agent of Sri Lankan military intelligence, was found guilty of breach of trust and theft. Vignarajah, who worked as a translator for the Militaries, was accused of stealing an RCMP tape recorder, sending tapes and transcripts. He was sentenced to nine months and four days—the time he has already spent in jail since his May, 1998, arrest—was released. The Vignarajah case and the issue of Tamil refugees in Canada was the subject of a Maclean's special report last weekend.

BOGGED DOWN

Nova Scotia Premier John Savage came under fire after it was revealed that his government will allow mining expenditure in a 4,200-hectare bog in Cape Breton. A year ago, Savage pledged to protect the site. Now, the wilderness area is at the centre of a \$1.5-billion deal involving companies in which former provincial Tory cabinet member and Ottawa lobbyist Gerald Doucet and his brother Fred, who was an aide to former prime minister Brian Mulroney, have interests. Savage and the Doucet brothers said they never discussed the mining project.



Fontana (left): South accusations of political interference

Somalia boils over

Tensions flared as the anger over Defence Minister Doug Young's decision not to reform the March 31 deadline for the Somalia inquiry continued. In the House of Commons, after Reform MP Chuck Strahl accused the government of obstructing justice, Young lashed out: "I would like to see him come outside and accuse me of obstructing justice," he declared. Another exchange took place in the Commons lobby between

chiering senior officials tried to keep them from negotiating a truce. According to published reports last week, the government is attempting to steady Campbell by throwing in to her as Canadian ambassador in Los Angeles. And at week's end, Young was forced to apologize for telling the Commons that the shooting of a second Somali civilian, Ahmed Hesho AWAHI, was also a murder—a claim the Somali inquiry has just rejected.

JUSTICE

Truth and lies

The inquiry into Guy Paul Morin's wrongful conviction for the murder of 11-year-old Christine Jessop began with the testimony of Robert De La Nij, an ex-convict diagnosed as a pathological liar. Mag. who shared a cell with Morin in 1986, told his story by his claim that he heard Morin confess to the 1984 sex slaying of Jessop. But he did back off slightly. "I can't be sure what I heard my man," he said. "But I believe it is what I heard."
Morin, a neighbour of Jessop's in Quinsville, Ont., was indicted for her murder in April, 1989. He was acquitted in 1986 and later cleared after the Crown appealed. He said a real lawyer only in Mr. X testified at both trials. Morin was exonerated by a DNA test in 1995. Last week, Mr. X, who has a history of pedophilia, also testified that he heard Morin confess. "I'm disappointed," Morin said. "We haven't heard the truth yet."

Paying for the boomers

Blame it on the baby boomers. Last week, Finance Minister Paul Martin announced that Canada Pension Plan contributions will increase to 9.5 per cent of pensionable earnings. Beginning this year, the rate will rise gradually over the next six years, from the current level of 8.65 per cent. Employees paying the maximum rate now will see their total annual premiums increase to \$1,835, from this year's peak of \$945. The government decided to overhaul the plan after an external report found that current contributions are only adequate to fund the CPP for 20 years from now. By adding now, the Liberals see contributions can be capped at about 10 per cent. Martin said anyone over age 35 by Dec. 31, 1997, and those now moving disability or survivors benefits, will not be affected. All benefits remain fully indexed to inflation. Ottawa and eight provinces agreed to the pension overhaul, but NDP governments in Saskatchewan and British Columbia withheld their endorsement, saying the changes are too far to lower-income and disabled Canadians. "It's your 65 and over years provided," said B.C. Premier Glen Clark. "That it comes that in the future, there'll be a gradual reduction in benefits and an increase in costs." The changes will have a major impact on millions of Canadians who pay into the CPP, which now has \$5.6 billion in reserves.



Arbour in her office at
tribunal headquarters:
critics question her
credentials for the job

Prosecuting evil

A Canadian judge pursues international war criminals

There is something so clichéd about the sterile Dutch office building where prosecutors are compiling their cases against men who resurrected the evil art of ethnic murder. Given the barbarity of the crimes, a medical rack would seem a more appropriate investigator's tool than The Hague's humming box machines, where indictments arise from the 1990s fadism wars are apt to sit in prison as grey as the government town's cheerless skyline. "The building doesn't even have any of the physical trappings of justice that I associate with Ogawa Hall," acknowledges Ontario's Justice Louise Arbour, who taught at the Ontario Toronto law school for 17 years and now leads the UN war crimes prosecutions unit at The Hague. So shortly after taking over the job last October, before winter set in to seal the town of evidence, he low brown Belgian mud for another few months, Arbour went to watch the execution of a mass grave site near the rubble city of Vukovar, just to make the crimes more personal.

"My mental image of a mass grave was that it would be more of a trench, where the bodies would be lined up almost in a line," she recalled last week. "But those bodies were thrown together indiscriminately in a hole. Then I looked at the clothes. They were young men,

and the first thing I thought about was their mothers." Arbour is a mother of three herself, although "It would be too long, too emotional, to suggest that you go back to work suddenly fired up. But it made the tragedy very human, and that's not something you get him in the office every day. Watching the bodies come out of the ground and it was like they were crawling alive again. They were demanding to be identified. They were demanding," she said, and there was not even a hint of sentimentality in her voice, "that their mothers be told."

It takes some prodding to get this streamer of eloquence from Arbour, who still seems more comfortable in the measured language of the judge she was for the past decade. "That can be a drawback in the role of chief prosecutor for both the Yugoslav and Rwandan war crimes tribunals, where a large part of the job is to keep rubbing the world's conscience in the wounds of the two genocides. Most of them Arbour is widely regarded in Canada as a brilliant criminal lawyer, backed by former students as co-ordinating teacher and remembered by court colleagues as "one of the boys." But she also has her critics, who fear that her judge's temperamental lacks the fire in the belly required for the tribunal task. "She doesn't have a background as an international human rights, and human rights groups are dubious that

she is the one for the job," says Jerome Stross, incoming president of the American Bar Association and honorary chairman of the International League for Human Rights. "She still has to create the appearance of a vigorous prosecutor."

Arbour's predecessor had as such problems. There may be mistrust among tribunal lawyers about South Africa's Richard Goldstone's lack of interest in the grim and detail of their cases, but a more disquiet that he used the media to give the court a high profile that probably angered numerous out-of-rebution governments. But the tiny, burbaceous woman Goldstone succeeded to succeed him does not want to be seen putting into a pile of bodies on the evening news. "Our dilemma is that we have to be publicly active to maintain interest in our work, particularly in the case of Rwanda where genocide is quickly fading from memory," says Arbour. "But if we could be just a shadow for a couple of years, we'd be a lot more effective."

The difference in style and strategy is most apparent over the grave site facing the Yugoslav tribunal, the ongoing refusal by both the NATO-led peacekeeping force and the governments in Belgrade, Yugoslavia, and Zagreb, Croatia, to arrest or extradite suspects. The tribunal has filed 74 indictments but has only seven suspects in custody: four low-ranking soldiers in the Bosnian Serb army has received a 10-year sentence for mass murder; another in the Serb army was sentenced to 10 years for the massacre. Then from the sidelines, the newly Goldstone continues to deride the international community's refusal to make arrests in "totalitarianism." The tribunal is a senior judge, Antonio Cassese, was so frustrated over how few cases he had to hear that he exulted last summer: "Go ahead! Kill, torture, steal! You enjoy impunity!" Cassese has since declared that if key suspects are not in custody by this fall, the tribunal should simply be shut down.

Arbour, too, can summarize up outrage over the number of suspects still at liberty. But she contends that Cassese and Goldstone are pushing a flawed strategy. "The message I want to send is, I don't care how long it takes, we will find our suspects," she says. "To suggest the lack of arrests could be fatal to the tribunal and in short not only costly into the hands of those who would like nothing better than to see it go away."

And the list of those to whom the tribunal is "incomplete," as Arbour puts it, is long. Cassese's political advisers in Washington, worried about NATO casualties in any armed assault on the region, would even know where to find the suspects. "I'll show you where [Radovan] Karadzic gets his hair cut," sneers one Hague lawyer in response. And the tribunal clearly assuages the British and French governments, which regard it as an international exercise to enthrone the European over their failure to halt another genocide in their backyard just 35 years after the last. "Non crimes."

The watchdog for London and Paris is "inability." They argue that peace in the Balkans depends on economic reconstruction, and that rubbing alleged war criminals' names in the faces of Bosnian Serbs would poison the atmosphere. Last year, European governments admitted Croatia to

the Council of Europe, even though the country had ignored its pledge under the Dayton peace agreement to hand Croatian war crimes suspects over to the tribunal. Hague prosecutors are furious that European governments missed an opportunity to get custody over Croat suspects at the price of admission.

Increasingly, the tribunal staff believes that it will have to resort to more inventive ways to bring the accused to court. "Some of these guys will eventually want to leave Bosnia to shop, to go for a holiday for the sun, to visit a girlfriend in Rome, and then they're valuable to any one lawyer. Or we could turn them out." Others suggest blatantly that Western governments could invite them as politicians to hand over suspects. The tribunal has also let the Croat government know that ongoing investigations are beginning to reach into the upper echelons of its current leadership, with a case building



Examining bodies of victims in Bosnia. "The first thing I thought about was their mothers"

TOP TARGETS

Based in The Hague, Canada's Louise Arbour oversees prosecutions for war crimes in both Bosnia and Rwanda. Any suspects to those proceedings

RADOVAN KARADZIC, 51. Former Bosnian Serb political leader, now locally retired under terms of the Dayton peace agreement. Indicted for genocide, war crimes and crimes against humanity, including the deadly spring campaign against civilians in Sarajevo and using UN peacekeepers as human shields. Although he remains a fugitive based in Pale in Bosnia, evidence against him was presented in court at The Hague last summer under special procedures.



THOMAS BLASKIC, 36. Commander of Bosnian Croat military forces. Turned over to the Hague by Croatia last April 14 under still unexplained circumstances and detained. Charged with persecuting Muslims in Bosnia's Ljuta Valley in 1993. Trial expected to begin in April.



RATKO MLADIC, 53. Bosnian Serb military commander. Faces the same genocide charges as Karadzic, specifically indicted for the 1995 massacre of up to 1,200 at Srebrenica and the shelling that year of a public square in Tudla, killing 74. Now a fugitive in Bosnia's Serb republic.



MILAN MARTIC, 51. A Serb political leader in the former "breakaway" state of the Krajina. Indicted for firing cluster bombs into downtown Zagreb, Croatia's capital, in May 1995. Fled when Croat troops overran the Krajina, now believed to be living in the Belgian area.

THEONESTE BAGOSORA. Senior Hutu military leader in Rwanda, a rough equivalent of Bosnia's Karadzic. Charged with plotting and carrying out the 1994 genocide against Rwanda's Tutsis. Arrested in Cameroon, now detained and awaiting trial in Arusha, Tanzania, where the UN Rwanda tribunal is based.

Leaving the Leader

A top official attempts to defect to South Korea

Shooting with my family, people will judge that I'm mad. But the question is: am I the only mad person?

A good question, especially coming from a man who said last week was a member of the inner circle of the most secretive—and arguably most bizarre—country on earth. Hwang Jang Yop was one of 11 secretaries of the ruling Workers' Party of North Korea, a core team head of

the main university in the capital, Pyongyang, and a former president of the Supreme People's Assembly, the figurehead parliament. Hwang was the chief ideologue of *juche*, the idiosyncratic blend of nationalism, Marxism and limited self-reliance that serves as North Korea's guiding philosophy. Until, then, he worked into South Korea's embassy in Beijing and apparently announced that he wanted to defect. In a signed note that the South Korean government made public, Hwang wrote: "I torment and am tormented over this."

In keeping with the North's penchant for secrecy and the two Koreas' tradition of mutual loathing, almost nothing about the incident was clear. Pyongyang, shocked by the loss of such a key senior figure, pointed out that it was "unacceptable and impossible" that Hwang could have defected and insisted that he must have been kidnapped. A South Korean newspaper, *Globe* Bn, published three letters allegedly written by his last November, in which he said he was under surveillance by North Korean security forces and feared for himself and his family. Also unclear was why South Korea announced Hwang's defection only hours after he entered its embassy with an aide. Kim Dukt Hong, instead of waiting until he could be quietly spirited back to Seoul. That put Clinton on the spot: it was forced to choose between accepting its old Communist ally in the North by allowing Hwang to leave, and announcing its valuable new trading partners in the South by keeping him where he was.

Whatever the truth, Hwang's move came at a delicate moment for both Koreas. The

North is struggling with an economic crisis and the effects of catastrophic floods in the past two years, which left 500,000 people homeless, destroyed grain harvests and led to widespread malnutrition. It is also still coping with fallout from the death of its legendary founder, Kim Il Sung, at the age of 82 in 1994. Kim's son and designated successor, 35-year-old Kim Jong Il, took over immediately, but analysts are divided on whether he has been able to consolidate his



Hwang at Tokyo: the old guard are worried about their position

grip on power. In the South, the government broods a share of domestic problems, including a growing corruption scandal arising from the collapse of the country's No. 2 steelmaker, Daewoo Iron and Steel. South Korea's main opposition party even accused the government of assassinating Hwang's defector aide daily to divert attention from the Hanjoo scandal. At the same time, both Koreas are under pressure to participate in talks with the United States and China aimed at negotiating a formal end to the Korean War.

The man at the centre of the latest contro-

versy is a bespectacled intellectual whose age is reported as 72 or 73, and who served as Kim Jong Il's personal tutor in *juche* philosophy. South Korean analysts ranked him 24th in the overall Pyongyang power struggle—making him by far the most senior northern official ever to defect. William Taylor, director of national security studies at the Center for Strategic and International Studies in Washington, met Hwang in 1992 when he was president of Kim Il Sung University in Pyongyang. "He's very low-key, serious, poised and reserved," Taylor recalled in an interview.

A Japanese journalist who met Hwang in Tokyo on Feb. 5, when he was only a week away from defecting, said the Korean recalled that after the Cold War "the world is changing away from confrontation and ideology." But Taylor suggested a more precise motive for Hwang's abrupt move. Kim Jong Il is promoting a younger generation of leaders, he said, and older men like Hwang may be feeling the heat. "The old guard—the contemporaries of Kim Il Sung—are worried about their positions," said Taylor. If that theory is true, Hwang's statements about the futures of North Korea may be carefully calculated to carry favor among his new protectors in the South.

Nonetheless, the defection suggested greater tensions among North Korea's top leaders than outsiders had imagined. There had been earlier signs of erratic leadership. In September the North sent a top submarine to land a team of its officers in the South in an incident that left 24 North Koreans and 13 Southers dead. Then in December, an unexpected constitutional move, Pyongyang expressed "deep regret" for the nuclear. By most accounts, though, Kim Jong Il is well on his way towards consolidating his power. The old son-of-a-bitch personality is as intense as the soldiers once directed at his father, and he

has been elevated from "Dear Leader" to "Great Leader"—the title Kim Il Sung long enjoyed. He has not, however, assumed the supreme titles of state president and general secretary of the Workers' party. Kim is expected to take on those titles after the third anniversary of his father's death in July. Ironically, according to some sources, the man who was helping him prepare to assume the top position was his old tutor—Hwang Jang Yop.

ANDREW PHILLIPS is in Washington with JASON NARAY in Seoul

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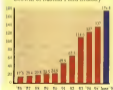
This RRSP season, put a few more oars in the water.

The Growth of the Mutual Fund Industry

ADVERTISING
SUPPLEMENT

In the last few years, Canadians have seen a tremendous amount of growth in the mutual fund industry. And 1996 has been a staggering year. Three years ago, a study prepared by Investor Economics Inc. revealed that mutual funds represented only 16.8 per cent of the total investments made by individuals, indicating enormous potential for further growth. By the end of December 1996, assets under management in Canada had reached a staggering \$208.2 billion. Five years ago the industry was one quarter this size. Six years ago it was one seventh this size. Even this impressive growth needs to be measured against a recent Price Waterhouse study that shows only 26 per cent of Canadians over the age of 20 own mutual funds. This is lower than conventionally thought. The study reveals that many people do not understand mutual funds and incorrectly believe them to be products for the wealthy.

Growth of Mutual Fund Industry



GROWTH OF OUR INDUSTRY

A number of factors account for the outstanding growth of Canada's mutual funds industry: the entry of the banks into the market, low interest rates, aggressive marketing by managers, and heavy media coverage among them.

DEMOGRAPHICS

It is predicted that the aging of the baby boomers will provide the mutual fund industry with continued growth. In the United States the number of retirees will grow from 40 million in 1995 to almost 60 million by the year 2000. Post-retirement life spans are expected to lengthen from 20 years to about 30 years. Accordingly, people will need greater retirement resources, especially in a time when governments can do less for them.

But it is not only retirement that people save for. Harry S. Dent, Jr. notes that, for Americans, the first major saving phase is for their children's post-secondary education. This concern is most important when they are aged approximately 35 to 44. As accumulating government debt mounts, and as post-secondary education becomes ever more important for employment, this saving focus will take on even greater importance.

David Foot, co-author of *Boom, Bust & Echo*, believes that the boomers are going to put a larger portion of their retirement savings into stocks because they have no acceptable alternative, given the low returns available on real estate and cash.

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5

DISINTERMEDIATION AND THE EVOLUTION OF THE FINANCIAL SERVICES INDUSTRY

Disintermediation, the shuffling from indirect to direct financing, is evident in our financial market. For example, chartered banks hold a much smaller percentage of assets than they used to. In 1870 the chartered banks accounted for 75 per cent of financial intermediary assets, and today they account for about 37 per cent. The money has gone somewhere else, and some of it has gone into new players in

the system, such as trustee pension plans and mutual funds. Over the period 1980-1990 and 1990-1994, when total private financial intermediary assets grew annually by 11 per cent and 7.7 per cent, mutual funds assets grew by 22.6 per cent and 39 per cent. This growth can be attributed to the consumer's attempts to better diversify risk and benefit from the rates of return available in capital markets by making portfolio adjustments out of directly held savings and securities into the hands of professional portfolio managers.

INVESTMENT CHOICES

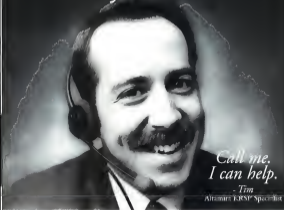
Investment Type	Invested in Multinationals	Earning Risk	Short-Term Potential	Income Growth Potential	Long-Term
FIXED-INCOME INVESTMENTS					
Bonds		interest & capital gains	moderate to high	moderate to high	moderate
Savings Accounts		interest	none	low	low
Canada Savings Bonds		interest	none	moderate	low
GICs		interest	none	moderate	low
Mutual Funds					
Money Market Funds	commercial paper, treasury bills, short-term bonds	interest	low	moderate	low
Fixed-Income Funds	mortgage-backed securities, corporate & government bonds	interest & capital gains	moderate to high	moderate to high	moderate
Balanced Funds	stocks & bonds	interest, dividends & capital gains	moderate to high	moderate to high	moderate to high
Equity Funds	stocks	dividends & capital gains	moderate to high	low to moderate	high
COMMON STOCKS					
Growth		capital gains	high	low	high
Blue chip		dividends & capital gains	moderate to high	moderate	moderate to high

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SHIFTS IN THE HOUSEHOLD BALANCE SHEET

There has been a fundamental shift in emphases from real assets to financial assets. The real assets in which many Canadians once placed their faith for a retirement nest egg have left them disappointed. The drop in value of residential real estate in the last eight years has shattered widely accepted economic wisdom. This shift has driven and will push investors from real to financial assets, especially mutual funds.

MUTUAL FUNDS IN CORRECTIONS, DEAR MARKETS OR CRASHES

Skepticism about the long-term growth of mutual funds arises from the worry that these funds are somehow vulnerable to redemptions in downturns in the market because their investors may tend not to be highly informed. As IFIC's December statistics indicate, there are 21.6 million unitholders, a 43 per cent increase from a year ago. Mutual fund owners do not, it turns out, make massive redemptions during market downturns. An analysis by the Investment Company Institute (ICI) in the United States of more than 50 years, including 14 major stock market cycles and a number of sharp market sell-offs, reveals that market downturns failed to trigger substantial outflows from stock funds. This analysis is consistent with evidence from other shareholder studies and surveys and suggests mutual fund owners have a long-term investment horizon and basic understanding of risk.

But what if the sheer number of unitholders suggests that increasingly the industry has novice investors who have never before invested during market downturns? It can be argued that mutual funds inflow will likely be more stable than our intuition suggests. Much of the money flowing into mutual funds—and this may account in part for the continued in-flows, even during the summer doldrums in 1996—comes from younger workers, saving for their retirement. Their

use of pre-authorized checking plans and Registered Retirement Savings Plans suggests that they are in the market for the long term and have good reason not to pull out at a point when share prices start to decline. The extent to which funds can be borrowed to buy shares is strictly regulated, and most funds hold a cushion of cash to meet redemption requests. Even more importantly, investors are learning to take advantage of bargains during a downturn as more units of a fund are available at a lower price when

"In the context of historical fund performance over the past decade, investors are aware 1996 is an exceptional year with phenomenal growth."

the market turns down.

In the context of historical fund performance over the past decade, investors are aware 1996 was an exceptional year with phenomenal growth. Growth warrants increased responsibility, and whether owned by the federal government or not, helping Canadians to become self-reliant and to prepare for the future is a serious responsibility. As we see the relationships between government bodies, the industry and the individual changing, it is appropriate to invite the role of IFIC clearly. Despite change around us, the premise of IFIC has not changed. We will exist to help the investor understand the unique value of the product called mutual funds, to enhance the industry's ability to communicate its message, and to assist the regulators.

Rob Leisley and Mhuin Kentel, IFIC

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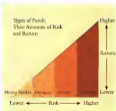
Common Myths about Mutual Funds

I am not sure what a mutual fund is but I do know that I need to be well educated on mutual funds before I invest in one.

Fact: An investment (or mutual) fund is a corporation or trust which accepts money from public investors and employs a professional investment manager to place that money in investments that will meet the fund's objective (i.e., produce the kind of return that the fund has stated as its aim).

A fund therefore is simply a cooperative means for many people to pool their savings and have their investments professionally managed in the type of investments they choose. This pooled concept is one that allows numerous investors to put relatively small amounts of money into investments. But those many small sums add to a large amount of available dollars with which the fund manager can choose and diversify the investments represented in a specific fund. The investment fund also offers not only professional money management, but provides full administrative and accounting services for the investor.

Information on mutual funds can be obtained from the fund's management or from The Investment Funds Institute of Canada. Advice on investing, financial planning and arrangements to purchase fund shares can be obtained from mutual fund dealers, financial planners, stock brokers and investment dealers. Mutual funds are also available from banks, individual fund management companies, trust companies and life insurance companies.



Mutual Funds are Risky

Fact: It's impossible to compare funds "across the board". Mutual funds not only differ in their financial objectives but also invest in different kinds of securities that reflect the ultimate objective of the fund. Thus, depending on the securities the fund is investing in, or the mix of securities chosen for a specific fund, the element of risk varies substantially.

The fund's objective is what the fund seeks to achieve by investing. This will determine what kind of securities the fund will buy, and in what economic sectors or countries. This directly influences the risk a particular fund is exposed to.

For example, a fund seeking the highest possible return on capital may invest in more speculative common stocks than one seeking maximum income from dividends. The risk in attempting to meet the first objective is much higher than in the second.

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risk involved is directly related to the fund's objective. Generally speaking, it can be assumed that the higher the return, the higher the risk involved.



However, mutual funds remove much of the risk from investing because they are professionally managed by fund managers with many years' experience in portfolio management. For example, in common stock funds, professional managers select the investments and monitor them carefully and constantly. In addition, because the pooled concept means that there is a greater amount of diversification inherent in funds than would be possible in a portfolio of comparable size invested in stocks or bonds directly, the element of risk is spread, thereby making funds less vulnerable to market fluctuations.

It should also be remembered that, while it may be considered safe to keep one's sav-

ings in cash, there is always the risk that inflation will, over time, erode the value of those savings.

"I am much better off keeping my money in my savings account."

Fact: Generally speaking, savings accounts are the means by which banks and trust companies borrow money from the public and lend it to companies and individuals at higher rates. The financial institution makes money on the spread or the difference between the rate it pays on savings accounts and the rate it charges borrowers. A money market mutual fund, for example, lends money directly to governments, corporations, and financial institutions. All people who invest through such funds earn the higher rate. There is no middle man.

The rates of return for "non-guaranteed" investments, such as common stock funds, have historically been more superior to that of a savings account with a financial institution. This is because, in a free enterprise system, investors who choose to "share" ownership of a public business by purchasing common shares are sharing in the fortunes of the business. If it does well, they share profits - if it does badly, there are little or no profits to share. They therefore expect, and get, a higher return for taking that risk. However, it must be borne in mind that the return on a common stock fund would not necessarily be consistent from year to year as companies do better in some periods than others.

MUTUAL FUND FEATURES AND BENEFITS

- 1. Investor Protection**
 - Mutual fund investors are protected in several ways:
 - client monies are kept segregated from mutual fund company's
 - fund assets are held by a chartered bank or trust company custodian
 - contingency trust funds have been established in a number of provinces to compensate individuals in the event of mutual fund company fraud
 - These funds have never needed to be used:
 - the Simplified Prospectus of a mutual fund outlines investment objectives and risk factors for a particular fund
 - funds are audited annually by independent auditors.
- 2. Affordability**
 - with most mutual funds, you can usually start with a minimum investment of \$500 or investments of as little as \$25 a month.
- 3. Professional Management**
 - portfolio managers have specialized skills that help contribute to better portfolio performance than you could easily achieve on your own.
- 4. Diversification**
 - mutual funds allow you to diversify among many different investments, effectively reducing risk.
- 5. Accessibility**
 - your mutual funds are redeemable on any business day, unlike fixed term investments.
- 6. Convenience**
 - it's easy to invest in mutual funds and exchange money between funds within the same fund family.
- 7. Service**
 - mutual fund companies provide comprehensive fund and client reporting services including updates on holdings, performance, transactions and tax receipts.
- 8. Cost**
 - the cost of investing in mutual funds is reasonable and varies according to the services you want.
- 9. Choice**
 - there are over hundreds of different types of mutual funds to choose from so you can almost always find the right fund for your specific needs.

While your investment in mutual funds is protected, it is not a "deposit," and not eligible under the Canadian Depositor's Insurance Corporation.

You have to be wealthy to invest in mutual funds.

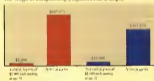
Fact: This is not the case. Initial investment in a mutual fund varies between one fund and another, but the minimum is quite low for most funds - somewhere in the region of \$500 - \$1,000 would be fairly common. In addition, it is possible with many funds to start at a much lower level if the investor is prepared to make a regular savings commitment and invest in a fixed amount per month. In such cases the minimum may be as low as \$25.00 monthly.

Mutual funds are too confusing when comparing the rates of return.

Fact: One should only compare funds of similar types to get an accurate picture of relative performances. You cannot compare the rates of return between different types or categories of funds - you have to compare apples to apples, oranges to oranges.

For example, it is pointless to compare the results of a fund that invests in oil and gas exploration companies with one that invests in well-established companies. The risks are quite different, as are the possible returns on the investments.

The Magic of Compounding (Registered Plan Example)



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MUTUAL FUNDS
We Manage. To Outperform.

Fortunately, the financial press regularly report the performance of Canadian mutual funds by type. These reports contain average results over a one, three, five or 10-year period and are categorized by the investment objective of the fund. This makes it very simple for the investor who is considering, say, a growth fund, to compare all similar funds.

It is very difficult to get your money out of a mutual fund.

Fact: Most funds have their shares or units valued daily. This means that investors may purchase shares or units on any business day, and in most cases, may redeem or sell those units or shares back to the fund on any business day.

"There are over a thousand funds available in Canada offering a broad range of investment objectives and investing in a variety of securities ..."

Mutual Funds are basically all the same.

Fact: There are over a thousand funds available in Canada offering a broad range of investment objectives and investing in a variety of securities and in a variety of geographical locations. For example, there are funds that invest in Canadian common stocks, US common stocks and international common stocks. There are also funds that invest in the stocks of specific industries, such as natural resources or oil and gas stocks. Some funds invest only in gold and other precious commodities. There are

balanced funds which split their holdings between bonds and stocks, depending on how the manager perceives economic conditions at that time.

There are dividend funds that aim to maximize dividend income. In addition, there are bond funds and mortgage funds. There are also various types of money market or savings funds based on fixed income or guaranteed investment. Most of the funds available in Canada are open-end funds, meaning that they issue a continually increasing number of shares and subsequently purchase these shares back from investors on demand.

Mutual funds are not suitable for retired people.

Fact: Funds are suitable for retired people provided there is careful selection of the fund based on its investment objectives. A conservative approach to the preservation of capital may be desirable as one reaches more mature years. There may also be increased emphasis on the income needed for retirement. The right kind of fund can provide the means to reach both these objectives.

Mutual fund companies charge very large fees to invest in a fund.

Fact: Basically, all funds charge a management fee which is a percentage of the value of the assets of the fund. On average it is an annual percentage of between one and two percent. In addition, there may be sales commissions charged on the purchase or redemption of shares which are paid to the distributing agency. Remember that commission is paid for the value-added service of investment planning provided by salespeople. The amount of commission will depend upon the size of the purchase. If you understand investment risk factors and tax considerations, funds without sales commissions (no-load funds) may be investigated.

Miriam Kroll, IFIC

MUTUAL FUNDS

SOME TIMELY ADVICE



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Wealth Accumulation - The Fundamentals of Investment Planning. Introduces students to the process of wealth accumulation.

RISKS OF NOT TAKING RISKS

You may think the best way to be financially secure is to take no risks whatsoever with your hard earned money. But in an effort to eliminate risk entirely, you give yourself a false sense of security and sacrifice real growth that outpaces inflation and taxes. The real risk is not taking at least some risk with your money. Taking reasonable risks doesn't mean gambling everything you own. It means putting at least some of your money into growth investments.

Controlling the Future - Crossing Financial Security. Examines the basics of retirement planning, including taxation and legal aspects. Topics include post-retirement planning, retirement savings plans, pension plans, old age security and retirement decisions.

Strategic Investment Planning - Understanding Investment Products and Investment Strategies.

This course examines alternative investment products including fixed income and equity products, mutual funds, real estate and tax shelters.

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Addresses insurance and estate planning. Topics covered include the risk management process, types of insurance, wills, powers of attorney, family law, trusts, and related tax and legal considerations.

Professional Practice - Comprehensive Financial Planning and Professional Ethics.

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Melvin Kriegl, IFPC

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Asset allocation and Balanced Funds

The vast majority of investors should consider a portfolio of funds that includes fixed income, Canadian equities, international exposure and possibly some specialty funds. The actual mix will vary over time to reflect the outlook of the different markets and your specific needs. This diversification reduces portfolio risk. You can construct this mix yourself, use one of the asset allocation services available or pick off-the-shelf asset allocation or balanced funds.

Many investors are unaware that there is strong theoretical and empirical evidence that effective asset allocation, in the long term, is by far the most important aspect to the overall performance of a portfolio. Pension fund managers have known this for decades and in many cases apply the lion's share of their strategy to fine-tuning the so-called "asset mix."

WHAT IS ASSET ALLOCATION?

Asset allocation is the process in which different classes of assets such as stocks, bonds and cash and different management styles are combined with a view to maximizing portfolio return while reducing overall portfolio risk (usually measured by the volatility of monthly returns). The concept can be used to build a wide variety of portfolios, including a purely domestic portfolio (one that only invests in Canadian assets) or an international portfolio. In addition, depending on the investment objectives of an individual, various asset allocation strategies can be devised to best suit individual needs.

WHY IS ASSET ALLOCATION SO IMPORTANT?

Studies have shown, and practitioners can attest, that up to 90 per cent of a portfolio's return can be attributed to the asset allocation decisions—the percentages of various classes of assets in the portfolio as dictated from the fund manager's stock-picking ability. In the last year, it would have been unusual, even impossible, for a small-cap equity fund manager to generate returns of less than 10 percent. This is because small-cap stocks outperformed as a group larger-capitalization stocks. Any asset allocation strategy that included small-cap stocks would have benefited from this. That is not to say that individual stock-picking does not matter—it does—but in the long run there is evidence that the decision to hold small-cap companies were more important. By combining different asset classes and investment styles, the overall volatility of the fund can be reduced.

"By combining different asset classes and investment styles, the overall volatility of the fund can be reduced."

The reason, simplified to a simple sentence (there are books on asset allocation) is that, to a certain extent, when the return from one class of assets declines, returns from another class of asset to some degree or another, increases, reducing the magnitude of large swings in monthly returns.



THERE ARE TWO BASIC APPROACHES TO ASSET ALLOCATIONS:
STRATEGIC ASSET ALLOCATION and
TACTICAL ASSET ALLOCATION.

STRATEGIC ASSET ALLOCATION

Strategic asset allocation is based on the theory that, given a certain tolerance for risk, a portfolio can be optimized by carefully constructing an asset mix that performs within the risk-tolerance level. Practitioners assume that it is impossible to time moves in and out of markets successfully over the long term to catch swings in prices. In other words, an asset mix is constructed to meet the performance/volatility (risk/reward) expectations of the investor and is not adjusted in anticipation of short-term market changes. If the bond market is expected to rise dramatically in the next six months, the strategic asset allocator will pay little heed since he or she cannot be sure that it will in fact happen and doubts that jumping in and out of bonds will provide superior long-term returns. Many "balanced" funds use a strategic asset allocation policy of maintaining a reasonably stable asset mix. This is distinct from the so-called "asset allocators" funds which typically take a more tactical asset allocation approach. In many balanced fund prospectuses, the manager is restricted to working within a tight range of investment levels for each basic asset class (stocks, bonds, cash).

TACTICAL ASSET ALLOCATION

Tactical asset allocation is an allocation process that is based on the belief that the markets can be "timed" and that investors can exploit anticipated increases and declines in a market. For instance, if he or she believes the Canadian stock will outperform the bond market in the coming months, the tactical asset allocation manager will overweight his or her portfolio in Canadian stocks in order to capitalize on the expected growth. Of course, if the anticipated growth does not materialize, the asset mix may not be optimal in the short term.

This is the basic strategy behind the so-

"Practitioners assume that it is impossible to time moves in and out of markets successfully over the long term to catch swings in prices."

called "asset allocation funds." These fund managers are given much more latitude in the size of the portion of the portfolio that can be devoted to each asset class than in the typical balanced fund. For example, if a manager of a tactical asset allocation fund is extremely bullish on the equity markets, he or she is usually able to rid the portfolio entirely of stocks and place the assets in, say, cash instruments.

Steven Koleson - excerpt with permission from *Understanding Mutual Funds* published by Globe & Mail

The 1996 Budget: The Looming Effects

The February budget of 1996 has tremendous importance in regard to long-term effects on retirement saving by Canadian investors. A few important changes have raised serious concern within the industry regarding the economic impact of taxing RRSPs, Canada's 20 per cent foreign content property rule, and the decrease in the age at which a planholder must convert an RRSP to a RRIF. Canadians increasingly realize that, as years go by, savings for retirement will be more and more their own individual responsibility. But aside from looking at restructuring the Canada Pension Plan, and possibly allowing some pension monies to be invested in the stock market, rather than as government debt, the federal government needs to take a longer view and to recognize that it must not hamper Canadians' abilities to provide for their own retirement.

Changes in the February budget removed the tax deductibility of trustee and administration fees paid by RRSP and RRIF holders. Many people currently pay these fees directly from their RRSP or RRIF plan. The technical interpretation provided by Revenue Canada in May stated that everyone who pays the fee from inside their RRSP or RRIF must be issued a withdrawal tax form and be subject to withholding tax on the amount. IFIC lobbied against this and the result is that RRSP annuities will not be required to issue the above documents, saving Canadians tax dollars and needless administrative costs for IFIC members. This is a significant victory for the investor.

The freeze on the maximum RRSP contribution at \$13,500 until 2002 is not progress. Nor is the damaging change reducing the later age to convert an RRSP to a RRIF from 71 to 69. These changes create significant and detrimental effects for one saving for retirement. The compounding that occurs in the last two years of one's registered plan can literally be the difference between some comfort and poverty. For example, a \$250,000 nest egg entering a 10 per cent return compounded over the last two years puts the nest egg over \$300,000 two years later.

The federal government's determination to keep the 20 per cent Foreign Content Property rule for registered savings plans does not encourage Canadians to take adequate opportunity to invest for their retirement in securities outside of Canada. Investment income constitutes more than 85 per cent of the assets on which privately funded retirement income depends. The ability to achieve the best return possible should be unrestricted by government-imposed investment restrictions. To abide by the Foreign Content Property rule when investing in a portfolio, managers and investors are faced with the following situation: Retirement and pension funds are limited to 20 per cent foreign property in a portfolio. But 97 per cent of the securities market is foreign. Canada represents only 3 per cent of world assets. Based on the Foreign Content Property rule, Canadians have to look at 3 per cent of the world securities for 80 per cent of their investments. Canadians would benefit from investing outside of Canada more than the federal government currently allows them to do under their registered plans. *Adrian Kroll, IFIC*



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ECUADOR SOMERS UP

Declaring that "the party is over," Ecuador's third president in a week sought to normalize life after the ouster of eccentric populist Abdalá Bucaram. Interim President Fabian Alarón, who will rule until August, 1996, was installed by congress after Vice-President Rosales Arango served for two days amid high-level confusion. Bucaram, known as "El Llorón" (The Weeper), toured the region and denounced his dismissal for alleged "mental incompetence" as a "coup d'état."

THE BODYGUARD WINS

Hinting he would reveal "compromising material" about Kremlin figures, the fired former bodyguard of President Boris Yeltsin won a hard-fought by-election to Russia's parliament. Alexander Korzhakov, a former close friend of Yeltsin ousted in June, beat chess champion Anatoli Karpov and eight others for the seat in the central Russian city of Tula.

CHINA'S MUSLIM UNREST

Chinese authorities arrested an alleged ring-leader of two days of rioting by Muslims in northwestern China that left nine dead and about 200 wounded. Residents of Yining, near the border with Kazakhstan, said about 1,000 minority Uighurs smashed cars, looted shops and attacked pro-government slogans.

TRIAL FOR KING'S KILLER?

The body of slain civil rights activist Martin Luther King backed confessed lover James Earl Ray's plea for a new trial. King's son, Dexter, said a trial would probably vindicate the slain Ray, 68, who received his conviction to the 1968 Memphis shooting shortly after being sentenced to life in prison. Dexter King said his father's former associates claim to have identified someone else as the real gunman.

VICTORY IN YUGOSLAVIA

At the onset of President Slobodan Milosevic, the Serbian parliament approved the reinstatement of November local election results favoring the opposition. Despite gaining its key demand, the opposition alliance initially kept up its daily street protests in Belgrade, seeking further reforms. But at week's end, leaders agreed to temporarily suspend the protests.



Shouting antigovernment slogans in Vlore, Mafia involvement

Albanians reach the brink of civil war

The Italian Mafia, the war in Yugoslavia and a weak banking system have come together to bring impoverished Albania to the brink of civil war. Thousands of protesters last week continued to gather daily in the port city of Vlore, where two days of battles killed three people and wounded more than 150. Biting began last month when people took to the streets of the capital, Tirana, to anger

former Yugoslavs triggered the crisis, waned a demand for unbargained oil and arms that had brought \$1 million a day into Albania. In Rome, intelligence officials revealed that the Mafia used the Albanian funds to launder illicit money. "Mafia organized crime groups had a hand, if not their entire arm, in the financial schemes which have devastated one-quarter of the Albanian population," said one official.

WISCONSIN

Simpson's penalty rises

As Los Angeles chief jury foreperson O. J. Simpson to pay \$33.8 million in punitive damages to the families of murder victims Ronald Goldman and Nicole Brown.

Simpson's wife, added to an earlier award for compensatory damages, the decision left the form a liability for his family for more than \$45 million—\$33.8 in punitive damages. In the watershed death suit, pursued by the victim's families, the 1995 acquittal on murder charges. Simpson appeared as attorney by Goldman's father, Fred Goldman.

He faced his portion of the debt in each stage for a signed confession of murder. Simpson said he will not call his bankrupted mansion in order to pay the debt. Brown's home around the world have bid the price of the home up to \$7 million—but \$60 per cent more than its local market value. Simpson is expected to appeal the awards.

Delaying a Cuba bid

The European Union asked for a weeklong delay before the World Trade Organization names a panel to decide on Washington's anti-Castro Helms-Burton law. The move was designed to buy time for Europe to try to settle its dispute with the United States over the law's intent to punish companies that do business with Cuba. Washington maintains that the law is a matter of national security, not trade—a position with limited implications for the General Agreement on Tariffs and Trade as well as the WTO. "For such a system to work, it must not be possible for one country

to evade its obligations simply by proclaiming that its national security is involved," said EU Trade Commissioner Leon Brittan.

In Ottawa, International Trade Minister Art Eggleston said he supports Europe's effort to negotiate a compromise, which would also benefit Canada. But there were reports that European diplomats were urging that Canada hold off launching a complaint under the North American Free Trade Agreement until the WTO makes its ruling. Canada also seemed to go its own way by rejecting a US initiative pressuring Cuban democracy, which Europe joined—then signing a multilateral rights agreement in Havana last month.

The widening rift at CTV

BY JOHN SCHOFIELD

Bill McGregor scoffs at the very notion of a rift, he says, was never the way they did business around the broadcast table at the CTV Television Network in Toronto. Now splitting—that was a different story. Tension? Most definitely, says McGregor, a director of the company from 1985 to 1993. In fact, the internal dissensions that has plagued the loosely knit network of 25 stations for much of its history would be enough to get anyone down. Twice in the past five years, the Canadian Broadcasting and Telecommunications Commission has given the network provisional 30-day renewals while its shareholders hammered out new ownership agreements. "We used to have some pretty good go-rounds," says McGregor, currently a consultant with Kitchener, Ont.-based Electrohouse Ltd., a CTV part owner. But through it all, decisions were the order of the day. "We were a coalition group."

But now the CTV boardroom are about to become less united. A flurry of CRTC decisions over the past six months has radically reshaped Canada's television landscape and could fracture CTV's already-dented bond beyond repair. The changes promise to bring the private network's major shareholders into direct conflict, and in all probability will spell the end of CTV or force it into the hands of a single owner. "It's been teetering on the brink of disaster for several years," says David Ellis, a Toronto media consultant and author of *Winning a 1991 book about Canada's English-language TV broadcasters*. "There have been many attempts to perform surgery on the basic structure of the network, but the inherent conflicts of interest have never been resolved."

Far from resolving anything, the CRTC recently exacerbated its tensions at the network. In late January, the federal agency awarded a fully contested television licence for Vancouver to Baton Broadcasting Inc. (Baton Broadcasting Inc. of Toronto, CTV's sole Canadian owner). The decision brings Baton, controlled by Toronto's Eaton family, into direct competition with the network's second-largest shareholder, Vancouver-based WIC Western International Canada

television Ltd., which owns British Columbia's most popular channel, BCTV WIC and Baton already compete head-to-head in Alberta, with WIC's two independent stations, CTV in Edmonton and CFTV in Calgary, plying up against Baton's two CTV affiliates, Edmonton's CFTV and Calgary's CFTN.

A similar duel is shaping up in Central Canada. Last summer, the CRTC approved a bid by WIC's independent station in Hamilton, CHCH, to broadcast its signal across most of Ontario. That puts CHCH into competition not only with Baton's CFTO in Toronto, but the CFTL in London, CJOE in Ottawa and 12 other Baton stations in the province. The battle climaxed last week when Baton cut 154 jobs at its Ontario stations. "The advent of new competitors places great pressure on our airtime revenues," explained George Lund, a senior Baton vice-president.

In spite of the intensifying rivalry with Baton, WIC moved last October to double its share of CTV to 28.48 per cent by buying Montreal's CFCF from George Vancouver Ltd. for \$75 million. Regulators are expected to approve that deal in March. Baton, meanwhile, is awaiting approval of its \$117-million merger with Electrohouse, which will increase its stake in CTV to 42.72 per cent.

In its lofty role as guardian of Canadian culture, the CRTC is expanding each broadcaster's potential market in order to raise its revenues and encourage more original programming. The latest moves have brought back Canada's three major private broadcasters roughly half in terms of market share. Once its Vancouver station is up and running, Baton will reach about 70 per cent of the country's English-speaking audience. WIC's empire, with the acquisition of CFCF, will encompass 75 per cent of the market, while CanWest Global already reaches 72 per cent. CanWest could increase that to 79 per cent if the CRTC approves its bid to crack the Montreal market by purchasing CKMG, a suburban station that now serves Quebec City's small anglophone community.

The heavily levelled playing field could quickly turn bloody, however, as the three equally rated broadcast behemoths slug it out for the most popular new shows. Both Baton and WIC—along with Global and CTV—now vie for the national rights to Canadian and U.S. programs, in some cases routing these rights outside their own broadcast area. In practice, both Baton and WIC tend to avoid building against CTV, but the increasing competition between the two nevertheless threatens to poison the air at the network, suggests Stuart Craig, the president of Craig Broadcast Systems Inc. of Brandon, Man., one of the losing applicants for the Vancouver licence. Says Craig: "Definitely there's conflict there as far as purchasing of programming and going after advertisers."

Vancouver promises to be one of the toughest battles



“The world evolves and changes, and I think nothing is forever.”

—Ivan Pecan, CEO of Baton Broadcasting Inc.

grounds for WIC and Baton, which has long covered a piece of the city's lucrative ad market. "Not to brag, Vancouver television is more competitive than anywhere because our competitors at Vancouver are very much in our markets," says Ivan Pecan, Baton's president and CEO.

BCTV will feel the onerous presence of Baton almost immediately. The city's No. 1 channel, with nearly double the market share of its closest rival, BCTV currently buys the Vancouver rights to 11 programs from Baton, including such hits as *Melrose Place* and *Baywatch*. "Come next fall all of those shows will appear on Baton's new Vancouver channel, CTV2, putting a huge dent in BCTV's ad revenues," says Bill Rich, associate media director in Vancouver for BBDO Canada, a Toronto-based advertising agency. "I've got *Melrose Place* booked for B.C. 'til right to the end of the year," he says. "But if it moves to [Baton's] CTV2, I've got to look to see if BCTV will have comparable programming. Otherwise, I've got to renegotiate."

Some obvious programs will be impossible to replace, admits Jim Macdonald, the president of Toronto-based WIC Television Ltd. "There's no question that there will be some impact on BCTV from the loss of those shows," he says. But much of the damage, he argues, will be offset by the fact that Vancouver is a country's fastest-growing television ad market. "Costs have basically doubled in the past five years," says Pich.

It will take more than healthy salaries, though, to avert the cracks

in CTV's managerial structure. Not surprisingly, both Macdonald and Pecan are set to play down their potential differences. Pecan, a former CBC and NBC executive who was once touted as the boy wonder of Canadian broadcasting, maintains that Baton's Vancouver licence changes nothing as far as CTV is concerned. "I don't imagine why it would complicate things." And both men profess their commitment to the network. With about 80 per cent of Baton's revenues coming from its CTV-affiliated stations, "CTV's health is very important to us," says Pecan.

Even so, Baton and its fellow shareholders forced the network three years ago to reduce its broadcast hour by a third, to 40 hours a week. CTV retains the ad revenues for that time and pays its affiliates an annual fee, which totalled \$67.5 million in 1995. For their part, the CTV board members agreed to surrender their right as individual shareholders to veto CTV initiatives, opting instead for majority rule. The deal resolved an uneasy peace to the boardroom, but how long it will last is open to question. "August, 1998, is the end of the current agreement, and there is the opportunity at that time to make all kinds of changes," says Macdonald.

While most of the ongoing takers place behind closed doors, differences occasionally break into the open. Last season, for example, WIC bought the rights to *Shadybrook Station*, a Time Warner show starring Brooke Shields, and aired it on some of its stations during a prime-time slot normally set aside for CTV—angering the network's other shareholders. Another sore point for Baton is that a

A NETWORK DIVIDED

CTV's major shareholders



*Following CRTC approval of merger with Electrohouse Ltd.

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ROSS TAVER

Personal Business

Kids, bosses and work

Linda Dunbury likes to say that she is living her research. An associate professor of business at Carleton University in Ottawa, she has spent eight years studying how Canadians cope with conflicting work and family demands. In her case, the subject is at once that academic interest. As the mother of an energetic nine-year-old, Anna, Dunbury often finds herself torn between her family and the pressures of a demanding career. You might think that her research would make things a little easier, but she disagrees. "The truth is that studying this stuff doesn't really help a lot of brains. If anything, it just makes me feel even more guilty that I can't do it all."

Actually, Dunbury is selling herself short. She and her husband, John, who also teaches at Carleton, have devoted a lot of effort to structuring their lives so that they can spend as much time as possible at home with Anna. It's still a challenge, but Dunbury knows that they are among the fortunate ones. For many working parents, she says, the struggle to balance work and family is becoming a great deal harder, not easier.

How can that be, when the fashion in recent years has been for companies to problem-solve and repeatedly—that their most important assets are their employees? Dunbury has heard all the rhetoric, but she isn't buying. "All these mission statements and pledges on the wall are meaningless if there's no real commitment," she says. "At most, companies, what matters is whether you meet your deadlines, and how supervisors treat their employees."

All it seems to be getting worse. As part of a study sponsored by the Social Sciences and Humanities Research Council, Dunbury and Christopher Higgins, a business professor at the University of Western Ontario, have been conducting annual interviews since 1984 with more than 700 working couples across Canada. In 1996, for the first time, none of the couples they talked to could identify changes at work that had

made it simpler to balance work and family. On the contrary, three-quarters said it was becoming more difficult. Many of the participants pointed out that downsizing had created increased demands and heavier workloads. Others complained that uncertainty and lack of job security had made it more difficult to say no when a boss asked the to take on extra work, stay late or come in on the weekend.

Dunbury calls this motivation by fear, adding that it is no longer acceptable in today's business world for people who have jobs to criticize conditions at work. "The response is always, 'What are you complaining about? At least you've got a job.' This economic conditions make it easier for managers who are jerks to get away with it, because people out there are afraid."

In a separate study of 30,000 employees, Dunbury and Higgins found that men were more likely than women to say that family pressures interfered with work. The response puzzled them until they realized that fathers who stay at home to care for a sick child—or who switch to part-time work because of family demands—are more likely to be negatively labelled by colleagues and managers.

What's the solution? Perhaps if the economy improves and workers begin to feel they have other alternatives, companies will be forced to implement more supportive policies to attract highly valued employees. Dunbury says that is already starting to happen in certain highly competitive sectors, including telecommunications and financial services. Meanwhile, she advises people who are interested in more flexible work arrangements not to rely on moral arguments but to prepare a solid business case demonstrating why such an approach will improve the bottom line. Fortunately, she says, that isn't often difficult: her own research shows that parents who are successful at balancing work and family demands are absent from work less often than those people who find it difficult to balance those responsibilities.

Business NOTES

NEWSPRINT GIANT

Atari-Price Inc. of Toronto, the world's largest newsprint producer, is merging with Montreal-based Stora-Consolidated. The new company, Atlati-Consolidated Inc., would have annual revenue of \$4.8 billion, 18 paper mills and employ 13,000 workers around the world. The companies said they will save more than \$120 million a year as efficiencies.

THE BUSANG GANG

Yet another mining concern joined the Bygonia battle for control of the province's richest gold field, RTZ Corp. PLC of Britain and Freeport-McMullan Copper and Gold Inc. of New Orleans made joint bid to develop the Bessing deposit in the jungles of Indonesia. They join three other contenders to mine the site, discovered by Calgary's Rex-X Minerals Ltd.

CRITIC SENT HOME

Canada's most vocal critic of the \$215-billion Metall-Industries (Brenco, Stouffville, Ont.) merger to create her office at the Ontario Securities Commission in Toronto where she is a part-time member. Friends speculated the agency is trying to muzzle Stenberg, whose 1995 report stirred controversy over questionable news practices. But a key Stouffville recommendation, a national securities commission, moved closer to reality when Ottawa agreed to compensate the provinces for lost revenue.

FOREIGN BANKS WELCOME

The federal government said it would announce legislation this year to allow foreign banks to expand their business in Canada. The move would be aimed at increasing competition. The government also introduced amendments to the Bank Act covering everything from group protection to credit-calls disclosure.

AN OILPATCH MATCH

Calgary's Metcon Petroleum Ltd. finally found a company it could love. After snapping a takeover by Canadian Oil Energy Corp. of Calgary, Metcon agreed to a \$600-million merger with Northstar Energy Corp., also of Calgary. The other Calgary companies, Newpark Petroleum Corp. and Canadian Petroleum Ltd., announced a \$750-million merger, while Western Energy launched a hostile \$1.5-billion bid for Regina's Western Energy Inc.

A union at Wal-Mart

It took a 23-year-old jewelry clerk to defeat the world's biggest retailer. Mary McArthur, who led a drive to organize the Wal-Mart store where she works in Windsor, Ont., scored a surprise victory when the Ontario Labour Relations Board agreed to certify a union local organized by the United Storeworkers of America. Until then, the 35-year-old discount chain had beaten every effort to organize any of its 3,000 stores worldwide. Employees at the Windsor store voted 151 to 43 against a union last May. The labor board ruled, however, that Wal-Mart executives unfairly pressured the workers by refusing to say whether the store would be closed if it was unionized. The board said another vote would be useless because employees' attitudes had been badly influenced by the fear of closing.

Two weeks before the vote, McArthur and her colleagues collected union cards from 40



McArthur with co-workers seeking higher wages

per cent of the workers. McArthur said she pushed for a union because Wal-Mart staff earn less than many other retail employees. Wal-Mart clerks average \$8 an hour plus profit sharing and performance bonuses, compared with \$10 to \$12 an hour at right around the store. Wal-Mart Canada said it was considering an appeal. "We feel we've played by the rules," spokesman Ed Gould said.

Telecommunication pact

The World Trade Organization announced in Geneva that 86 countries had agreed to a landmark pact opening up most of the world's \$800-billion telecommunications market. The deal, announced Tuesday, requires governments to liberalize telecommunications, could boost the industry's income by \$1.35 trillion in the next decade—or about four per cent of total current global economic output.

FINANCIAL OUTLOOK

North American stock markets surged to new heights amid signs of moderating economic growth in the United States. The U.S. Dow Jones index, a closely watched measure of wholesale costs, fell in January for the first time in more than two years, while factory output slowed. That signalled a strong trend towards balanced, inflation-free growth. The latest data pushed interest rates lower in financial markets and led Canadian financial institutions to cut mortgage rates by up to a quarter point.

CONSUMER CONFIDENCE

Percentage of Canadians who say now is a good time to make a major purchase



"Good news on the fiscal front may well lift Canadian market sentiment in the weeks ahead."

—Schaback

"Consumers think interest rates have hit bottom so they are as ready as ever to buy big-ticket items."

—Confidence Board of GDP

"We have raised our 1997 Canadian GDP growth forecast roughly half a point to 3.7 per cent. We are looking at a much less optimistic expansion, with the domestic sectors finally making a more significant contribution."

—Reiselt Burns

New options for on-line traders

For frustrated stock traders who have been just an idle observer to the action, there is good news. Investors who know how to navigate the Internet can choose one of several relatively inexpensive on-line trading systems. Over the past two months, Homestock Inc., Toronto's Dominion Trade and E-Trade Canada have all introduced Internet trading services.

All three companies emphasize low trading fees, but investors will have to shop around to find the service that best suits their needs. TD's Homestock carries no monthly fee and offers 50 free online stock quotes a month; additional quotes are 25 cents each. Investors also receive a 20-percent discount on commission rates, which start at \$38. E-Trade, says president Glenn Moorehead, has no monthly fee and charges a minimum of \$38.88 for trades. Investors need a minimum of \$1,000 to open an account.

The Homestock Bank's service costs \$28.88 a month, with a \$2 discount for each trade—morning, in effect, that the charge is waived



Moorehead: trying to grab a piece of a growing market

for active traders. In addition, investors save 10 per cent off the bank's regular commission rates, which start at \$31 per trade. Says Peter Dickson, president of Homestock (Toronto: TSX: HSI), "Ten per cent of our revenues are generated by traders through the Net, and it will probably account for 50 per cent by the year 2000." For conservative investors, the trade trade is only a mouse-click away.

The price is right

Last May, when Hally and Martin Cripps of Edmonton were shopping for a replacement for their Pontiac Transam, they thought long and hard before spending \$44,000 on a fully loaded 1994 Chevrolet Tahoe sports-utility vehicle. It was the lowest price they could get for a car with all the features they wanted. "I had the choice," says Martin. "I want it to be more full-featured. If gas prices were lower, we wouldn't have had to think about it."

Like a lot of Canadians, the Cripps might be surprised to learn that, after adjusting for inflation, gasoline is almost as cheap now as it

was in 1957. In addition, general improvements in automobile fuel efficiency have reduced the overall annual gasoline bill for most Canadians.

According to a recent Statistics Canada study, the inflation-adjusted cost of gasoline declined an average of 13.5 per cent a year between 1957 and 1992, mostly because of new discoveries of crude oil and increases in refining capacity. Prices rose sharply in the wake of the 1973-1974 OPEC oil shock, but since 1985 the general trend has been to lower prices. In 1992 dollars, the average price of gasoline across the country now is at 37.6 cents a litre, almost identical to the 1957 level of 37.6 cents.

So far, that, combined with the introduction of more fuel-efficient cars, has reduced the average cost of fuel for a 100-km journey from \$8.19 in 1954 to about \$6.90 last year, the lowest point in 40 years. Happy motoring.

FORECAST:

AUTO SALES On the heels of a strong 1993, vehicle sales across Canada this year will rise at least 4.5 per cent to 1.25 million, analyst Dennis Desautels says—"but my gut tells me it will be more like 10 to 12 per cent." Sales of light trucks should lead the pack, jumping eight per cent to 520,000. With the weakening yen, prices of Japanese cars will likely increase only one to two per cent, says Desautels. Most American cars will see between two- and four-per-cent more, partly because of more expensive labor agreements.

Money Talks

Big money motoring

St. John's, Nfld., is the most expensive city in Canada in which to own a car, according to First driver Canada Inc., a management consulting firm. Total operating and maintenance costs average \$9,700 a year in St. John's. In Winnipeg, the least expensive city in which to run a car, the annual bill comes to \$8,043. The estimates are based on the use of a six-cylinder 1997 Ford Taurus. High insurance rates play a major role in the higher vehicle costs in St. John's, Toronto and Montreal.

Annual vehicle costs

St. John's	\$9,700
Montreal	\$9,562
Toronto	\$9,311
Halifax	\$9,104
Vancouver	\$8,592
Ottawa	\$8,564
Regina	\$8,161
Calgary	\$8,075
Winnipeg	\$8,043

Banking on youth

Electronic banking is catching on quickly with young people, but older Canadians remain wary. Thirty-one per cent of respondents aged 18 to 29 now bank by phone or computer, compared with 12 per cent of those 65 or older, says a survey of 500 people commissioned by A. T. Kearney Canada. Among respondents who have not tried telephone banking, 22 per cent say they find the concept too impersonal. Five per cent oppose remote banking because they fear it will put bank employees out of work.

Foreign content rules

Regulations aiming to raise the 20-per-cent foreign-content limit on RDSMs can keep drumming, as far as Finance Minister Paul Martin is concerned. "Never as a long time," Martin recently told *Maclean's*. "But I can tell you that I would have to start examining priorities for a long time before I'd get to that one," he added that, because of the tax break on RDSMs, Canadians owe it to their country to keep the money invested at home. "If we don't get to a point where [budget] surpluses become a matter of course, the argument might shift," said Martin.

The Nation's Business

Peter C. Newman

The best Valentine: a high-tech heart

About 50,000 Canadians die of heart disease every year. A myocardial infarction is often the only warning they get that might have saved them, but with fewer than 250 substitute hearts available, not many patients are granted respite life in Canada.

That tragic situation is about to change. An artificial heart that, once implanted, can only be monitored and recharged without invasive surgery will become available by century's end. Apart from the obvious health benefits, the technological breakthroughs involved will spawn a major new Canadian industry, worth at least \$3 billion annually.

A trio of Ottawa-based scientists deserve most of the credit. They are: Wilfred Kohn, the renowned cardiovascular surgeon who 33 years ago founded the University of Ottawa Heart Institute where the artificial heart is being developed; Toly Masswaid, a world-renowned researcher at the institute who holds doctorates in both medicine and engineering; and Rod Bryden, a local high-tech inventor who also owns the NRC's Ottawa Sensors.

"I'm terribly excited," Dr. Kohn told me in a recent interview. "The artificial heart represents the coming together of a quarter of a century of research. The technology that we're talking about will evolve into similar devices to treat other illnesses that can be implanted to help prolong people's lives. We can help individuals with a life expectancy of more than, weeks and years. The cost of doing that sort of work with other health care systems is enormous."

Canada's still close to developing an artificial heart, but seems to be leading the pack. An American medical team at Thermo Cardio Systems near Boston has developed a standard device, but unlike the Canadian invention, its larger size requires implanting it in the abdominal cavity, and that in turn means a longer recovery time. The Canadian device is much smaller, and can be implanted through a patient's diaphragm to connect with the heart area.

The revolutionary substitute heart was developed primarily by Dr. Masswaid, director of the cardiovascular devices division at the Heart Institute. "I see the body as a masterpiece of technology created by God," he says. "It's a difficult act to follow."

True enough, but Masswaid has come close. The actual pump that he and his team have put together isn't much bigger than the original organ, and instead of being submersed in it, the device is implanted in the chest cavity right next to the heart, which is never removed. The device then uses an energy converter driven by electric impulses to produce regular strokes to assist the damaged heart. It is attached to a bipolar lead pad under the patient's skin—and this is where the magic comes in. A catheter instrument is plugged into a battery pack worn on the patient's belt that allows electricity to be transferred directly through the skin to recharge

the heart's own batteries. The same device can monitor heart beats and blood pressure. These symptoms can be transmitted easily through telephone wires or by satellite to that patient almost anywhere in the world can be monitored by their physician. The final magic touch is that the attending physician can correct any irregularities they spot by transmitting the required signals to the heart pump through that same electronic link.

Once perfected, this will mean that patients with artificial hearts will be able to lead a fairly normal existence, with the long-distance monitoring functions possibly prolonging their lives to normal limits. That the aging of other organs will interfere with the dream of eternal life. All of the standard-issue technology has been proven out except the human engineering of the device. That takes time.

It's expected two years from now. Meanwhile, the Canadian province has been successfully replacing its own, one standard-issue model, built to last 80 days in 1982, is still pumping on the life beat.

Research costs involved in the project, so far total more than \$24 million, most of it from government funds and foundation grants. As these funds come close to exhaustion last year, the commercial aspect of the project is in the limelight. It is an intriguing Ontario entrepreneur who, among many other projects, built the Card Centre, which has become Ottawa's favored venue for major music attractions and sports events. Together with Michael Cowpland, the head of Card Corp., and Don Cunningham, senior head of Genset Technologies Inc., Bryden incorporated World Heart Corp. to market the Canadian invention and has initiated private and public stock placements that have raised \$17.4 million. (The Ottawa Heart Institute Research Corp. raises a 16-per-cent equity interest in the company, as well as future royalty rights; Bryden holds about 30 per cent.)

It is well known that he has at least a three-year waiting period to make any profits. But his enthusiasm seems boundless. The newer as a product with the complete advantage of the HeartWare, as we've decided to call the device," he told me. "In North America alone, nearly four million people are diagnosed every year with heart problems that this device might offset, and I estimate that as many as 250,000 patients a year could actually become medically eligible for an implant."

At the projected cost of \$50,000 per HeartWare, that would mean a multi-billion-dollar business. And that number \$50 million will have to be raised to complete material and component trials and to build the factory that will eventually manufacture the device.

Bryden sees no problem finding the new funds. As he aptly points out, "I look at the alternatives for the end user. And the alternative is death. That's a great marketing tool."

BY PATRICIA CHISHOLM

At times, the shortcomings must seem great. The white walls are devoid of decoration, except for a home-made Valentine addressed to "Mama" on the refrigerator, and two boys are pushed together in the dining room to create more space. In the kitchen, Jonathan Robillard laughs his small tummy out. Charlotte, his older brother, sits at the table, serious face. The nine-year-old suffers deplorably when asked how he likes living in the cramped apartment he shares with his mother, Hugonette Robillard, and his brother, Jean-Sébastien, 7, in the St. Henri section of Montreal. "It's not all repeated, I'd like it a lot more," he adds after a thoughtful pause. "In the bathroom, there's a big tub."

His mother, who lost her job as a cashier in 1992 and has lived on welfare ever since, recalls what it was like when she was earning \$8.50 an hour at a hardware chain that went bankrupt during the last recession. "I had everything he wanted," Robillard 40, says of Jonathan. Now the family survives on welfare at \$943 a month, \$633 of which goes for rent and electricity. Al-



Like Clayton (right), the Robillard family (above) suffers fallout from the most recent recession.

Canada has an embarrassingly high rate of child poverty

GROWING UP POOR

though Robillard has only a Grade 10 education

and says she receives no assistance from the boys' father, she never expects this. Despite scores of attempts, she has been unable to find another job. "It was very disappointing for me because I'd never been on welfare," says Robillard. "I always relied on myself."

The night of poverty (nothing new in Canada, but in recent years the extent and depth of the problem has become a national embarrassment. The country that prides itself on its social safety net now has the second highest rate of child poverty in the developed world—one in five, or roughly 1.5 million kids—outstripped only by the United States. The issue finally gained visibility last fall when Ottawa announced it would create a new child tax benefit for poor families in the 1997 budget being tabled by Finance Minister Paul Martin this week. But the program has not been greeted with the unreserved praise the government had expected. Many believe that the extra cash—an estimated \$225 million—falls seriously short of what is needed, others argue the money would be better spent on job creation or specific programs aimed at such corrosive problems as angling and addiction. The new benefit also has been dismissed as a foregone conclusion, partly designed to rene-

ing government in the pre-election months. "We are concerned that this is a slapshot deal," says Lynne Teague, executive director of the National Anti-Poverty Organization. "The problem has gotten much bigger, and we need a multi-year, multi-program strategy to attack this in a comprehensive way."

Certainly, something needs to be done. Since 1980, the number of children living below the poverty line has jumped by 45 per cent—largely as a result of the recession of the early 1980s and the socially-related recovery. The majority of those children live in families with incomes more than \$8,000 below that line, set by Statistics Canada at roughly \$15,000 for a family of three living in a city of more than 500,000. Poverty has cut a



wide swath through society, hitting people with years of work experience, as well as those who may be fighting such familiar barriers as racial discrimination or generations of welfare dependence. Helping the stereotypes, 55 per cent of poor children live in two-parent families. For those families with only one parent, conditions are even worse. Their poverty is no often mixed with social isolation and acute stress.

Poverty alone, of course, does not make for troubled families. Experts emphasize that poor children with involved parents do just as well as other children. However, when seemingly endemic problems such as family violence are mixed with poverty, the outcome for kids is bleak. "The combination is not great," says Sid Frankel, associate professor of social work at the University of Manitoba, "but we find that adults who were poor as children are overrepresented among those with low educational achievement, patterns of unemployment, poor health and family violence."

Chronic unemployment and government cutbacks—both potential triggers for child poverty—are becoming far more common. It is also clear that women and children frequently bear the financial burden of family breakdown. While only about five per cent of all Canadians live in families headed by a single parent, usually a woman, the number of those who live below the poverty line is skyrocketing: almost 60 per cent. That is partly because the average income for a two-parent family with one wage earner—about \$44,000—is adequate for most intact families, but falls far short when must be split between two households. At the same time, spending on child benefits has dropped to \$5.3 billion in 1996 from \$6.6 billion in 1984, argued for reduction.

Whichever risk factor is picked, one others, the consequences are often sobering. Kandy Lindley, 25, left school after Grade 11, about the same time her parents' marriage collapsed. For her relatively prosperous family, the breakup was both a financial and emotional disaster. She now rarely talks to her mother. "My life went downhill from there," says Kandy between casual jobs of gas station and clerk at the Mount St. Vincent Military, a centre for low-income families in downtown Calgary. Besides her, in a blue sweater, is her one-year-old daughter, Amber. Her two older children, by a different father—aged 1 and 3—live with their parents. Kandy, now 25, is three months pregnant with her fourth child.

Staying close by is the father-to-be, Wayne Morris, 21. The couple, who plan to marry soon, try to make ends meet on social assistance of \$1,800 a month and the jobs that Wayne gets through a temporary placement service. On good days, he does heavy hauling in a warehouse or shovelling snow for \$7 an hour. But the chances of the two finding steady work are slim. Kandy has few job skills and Wayne was kicked out of school and has low-income hours, where he was 38. Says Kandy, "It's tough to find work when you have no experience or education."

Often, the middle-class response to such a

poverty can be easier and less costly. But Paul Seidenberg, a psychiatrist at Toronto's Hospital for Sick Children and an outspoken advocate of better social supports for children, warns, "If we try to justify the parents by withdrawing support, we will only create more poverty." Certainly, children appear to be suffering because of social welfare cutbacks. As part of a massive deficit-cutting campaign, Alberta lowered the income welfare recipients in 1993, slash rates by 15 per cent. Front-line workers like Linda Gibson, who counsels families at risk at a Calgary group called Families First, say they are seeing more well-to-do parents who cannot seem to cope. "It used to be that if you saw a child who was pale and undernourished it was because the parent had a substance-abuse problem," she says. "Now, more and more, it's because people don't have enough money for food."

While almost all of the provinces, bent on balancing their books, have followed Alberta's example by cutting welfare benefits, British Columbia has chosen a different course. Last July the province announced the B.C. Family Tax, a new cash payment that benefits 200,000 families with net incomes of \$18,000 or less. Under the program, those families receive up to \$1,236 per year per child, the same amount paid to families on welfare. Last month, a study by Toronto consultant Michael Mendheim, found that the new money has reduced the number of permanent families below the poverty line by 15 per cent. Among single-parent families, the reduction was 26 per cent. In an interview with *Maclean's*, Premier Bill Clinton dismissed criticism that the money would have been better spent on job creation or increased welfare benefits. "With scarce resources," he said, "we had to help the working poor."

Margaret and Elton Wilson, who live in Vancouver's east end, believe the new benefit will make a big difference to their family. Margaret, 37, cares for their four children, aged 2 to 7, while Elton, 38, works as an optical laboratory technician for a local school. They depend on a clothing exchange at their local school, as well as an annual \$100 bazaar run by Elton's native band, the Harpists, and the presents and groceries provided by neighbours. "I wish I didn't," Margaret says, "but I think about what it would be like if I didn't have these things to help us out," says Elton. "I work hard, but we live paycheck to paycheck." The new money will be especially welcome once their third child is born. In April, "I'll still be tough, but I'm not pausing any more," he says. In fact, Wilson says, he simply accepts his circumstances as a fact of life. What he objects to, he says, is the way others sometimes judge his family. "My kids are drunk," he says. "I don't drink and I don't do drugs. There are many of us here who are struggling."

The federal program does, in fact, borrow some of its features from the B.C. model, creating incentives for low-income working families to stay off welfare. But according to family advocates, a wider variety of help is urgently needed. Robert Gossop, research director of the Ottawa-based Vanier Institute of the Family, has spent more than two decades studying the problems faced by poor families. "The big concern," he warns, "is that Canadians aren't accepted to think this new program will fix things. But this is just the foundation—it's not magic potions." Progress is targeted at specific problems, such as job creation or family breakdowns, are also badly needed, he says.

Nothing would be more welcome for Jason and Shellee Van de Laar. With Grade 11 education, little work experience beyond

Amber with Dorely, Mavis—poor education, few job skills



short-term stints in unskilled jobs, and two children, aged 1 and 2, they are reliant on welfare until Jason, 24, finds a job. Mavis are 18 years old and welfare recipients, reception for the kids, says 28-year-old Shellee, "is a walk around the block" more than her home in Winnipeg. But, as Jason says, there seems to be no way out for people like him. If he earns more than \$96 a month, he loses part of the family welfare cheque of \$1,170. Yet with no experience, he cannot find work. "I try to work at night, just going over the bike repair lead," he says. "Everything is money, money."

In an urgent election-year news conference last week, Ottawa announced that more of its money will be directed at the problem of youth unemployment. About \$250 million will be spent over the next two years to help students gain work experience. Last week, critics attacked the program for ignoring families like the Van de Laars. "This program speaks to the interests of middle-income Canadians who vote in greater numbers," says MP Chris Atwood, a New Democrat from Saskatchewan. "People who have suffered the most are receiving nothing."

For those in large urban centres, the double whammy of unemployment and reduced government assistance has had particularly ugly consequences. Toronto has one of the country's highest concentrations of poor children—about 16 per cent. Last year, the Tory government of Premier Mike Harris cut welfare rates by over 21 per cent, leaving many already unbearably squeezed. Dorcas Clayton, 35,

who is trying to raise four children on \$1,033 a month, often cannot make ends meet. On one recent evening, dinner for her kids consisted of french fries, with one glass of milk reserved for the five-year-old, Kevin. Clayton's partner, the father of her two youngest children, recently left the family's three-bedroom suburban townhouse on the city's west end. Alcoholic, Clayton says, was the culprit. Last, 7, climbing on her mother's leg, says there is nothing she wants except "to live" that Michael, 11, who is having problems at school, is angry. Despite his youth, he is hungry for a job. "I want money," he says. "I want to buy things, and I would like a house without cockroaches and spiders."

Another Toronto family who emigrated from Jamaica in 1981, are desperately trying to raise two teenagers in the Jane-Finch corridor, a neighborhood riddled with prostitution, drug dealers and police on ballet-point visits. They request anonymity to protect their children. The father, who works only intermittently as a carpenter, has sunk as far into anger and depression that his wife fears for their sanity. But with a job clearing hotel rooms for about \$18,800 a year and two teenagers needing emotional support, the wife has little energy left over. Her 17-year-old daughter wants to be a lawyer and is a star member of her school's track team, but achieving her goals will be more challenging than for most Canadian teens, she is regularly teased by drug dealers as she leaves the family home. "They call you 'bitch,'" she says "and try and talk you off the line." Translation: "They call you slut and try to get you to buy drugs." The information also follows her into school. "I sit in the same classrooms with them," she says. "You have to be careful not to say too much or you will be beat up."

Clearly, social assistance alone is utterly inadequate in addressing

the problems that burden the country's poor. Chirn Surin, an economics professor at Niagara University in North Bay, Ont., and an adjunct scholar at the Fraser Institute in Vancouver, says building a healthy economy is the best way to fight poverty. The gains from social assistance, he says, are short term and can create long-term dependence. "Everybody needs a safety net," he says, "but people should have a sense of personal responsibility."

But Ken Battle, president of the Ottawa-based Caledon Institute of Social Policy and an architect of the new child benefit, believes it

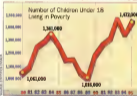
is an oversimplification to put "People pushing the benefits to the last to argue it is the whole answer," he says. "But success security makes a huge difference to the rate of child poverty." It is obvious that the poor need jobs, Battle adds, but poverty is the result of deeply rooted forces, such as family breakdown. The notion that the poor are the authors of their own misfortune practically has him spitting words. "The idea of poverty as pathology is despicable," he says. "It's a 19th-century idea dressed up in new language."

At least one new trend supports that view. Increasingly, low-income parents are designing and running innovative programs that provide social and material support for their kids. Collective kitchens, a sort of cooking bus where people meet to prepare nutritious meals, have been popping up in Montreal's poorest areas since the mid-1980s. The program is made up mostly of women, who meet in small groups to cook large quantities of food, says Johanne Talbot, who helps set up new groups. Saving money is usually the primary goal, but the kitchens also create a support network. Their objectives are "as much to nourish people psychologically as physically," she says.

In Vancouver, the 1983 housing of an eight-year-old boy who was being home in the early evening prompted communities in the downtown Broadway corridor to start the Kids-Safe Project Society. Children now have a place to stay when they are not in school and their parents are out at work, including all school holidays. Funded by government and private donations, the program provides breakfast, lunch and an afternoon snack, as well as arts and crafts, and day trips outside the city. "Occasionally, kids who have already graduated from the school will still come by, hang out and maybe grab a meal," says Jerry Chen, vice-president of Greater Vancouver's Unipack/Club Elementary, one of the project's schools. Kids who keep coming back to a place where they get enough to eat, feel safe and know they are surrounded by friends—there is hardly a better bet for success in the struggle to give children the things they need to coast.

RAY LOBBINGHAM, ANTHONY'S Housmate, DALE KESLER in Calgary, JANE MACDONALD in Winnipeg, TOM PENNELL in Toronto, LARRY PRASNIK in Ottawa and GORDON KIRKSWELL in Montreal

CHILD POVERTY ON THE RISE



The Wilsons & C. are anxious to keep the working poor

Governments unite to help poor children

It may be that the poor will be always with us, but are Canadians willing to accept that stern biblical assertion—especially if it includes children? The federal Liberals are clearly banking on a resounding no. Finance Minister Paul Martin's budget this week marks the first step in what Ottawa hopes will be a unique federal-provincial crusade against child poverty. In two stages, Ottawa will increase its \$5.1-billion Child Tax Benefit program, which now provides annual credits of \$1,030 per child to all low-income families, and an extra \$200 payout to low-income working families with children. On July 1, the payout to the working poor will increase to \$750 with the addition of \$125 million in federal money. And on July 1, 1998, if Ottawa and the provinces sign their pact, the credit portion of the program that goes to all poor children will receive at least \$205 million in extra federal funds.

In turn, all 10 provinces have tentatively agreed to lower the portion of their welfare payments earmarked for children—which now total more than \$3 billion—by the amount that Ottawa adds to the child credit. They will put those savings towards services such as day care and school lunch programs, and benefits such as dental plans for all poor children. "A lot of these kids have really suffered," Martin told Montreal's *Star* when he was asked to endorse the plan. "Are we going to be able to eradicate the problem? Maybe not. But we can do a helluva lot better."

And with an election tentatively scheduled for early June, maybe that optimistic note is a little premature. Michael Marcolin, chairman of Toronto-based POLLARA, found massive support when he asked if Ottawa was capable of making progress against the child poverty problem. Seventy-two per cent of the respondents declared confidently that the federal government could be effective. And a whopping 85 per cent supported an increase in the child tax credit. "This is a motherhood issue," Marcolin says. "Martin can do no wrong." Still, others note the child credit baseline, "introducing it as a decision-making tool," notes Conrad Weitz, president of Ottawa-based polling company COMFAS.

The problem is certainly widespread. Two months ago, Statistics Canada reported that child poverty had actually increased to 21 per cent of all Canadians under 16 in 1995—or almost 1.5 million children—up from 19.6 per cent in 1994. And the new federal-provincial program is designed to tackle not only child poverty itself but also the social welfare trap, which ensures that it is more lucrative for parents to stay on welfare than to work for minimum wage. At present, provincial child welfare payments and benefits fit the balance in favor of the nonworking poor. As Ken Battle, president of the Canadian Institute of Social Policy, notes an Ontario family on welfare in 1994 with one child under seven and one child over 12 received an average of \$8,850 in combined federal and provincial child benefits. In contrast, a working-poor family received only federal child benefits—which totalled less than half the welfare family's relief. Battle says the difference between what children of



Finance Minister Martin
"A lot of these kids
have really suffered"

STANCHING A WOUND

forward in federal-provincial relations. In the wake of this week's budget announcement, federal and provincial officials will try to hammer out a formal pact. Ottawa will reaffirm its financial commitment—but it will not promise in writing to pledge those funds indefinitely. The provinces, in turn, will set out how they should spend their welfare savings. "This is the way of the future," says Queen's University economist Tom Courchane. "We have to have joint decision making on joint problems."

Even if all provinces do not sign the final pact before July 1, 1998, the program will proceed. This July, the supplement to working-poor families will automatically increase. Then, as provinces that agree Ottawa will gradually begin to play and receive their child's benefit. In provinces that do not co-operate, Ottawa will simply increase, once again, the payments that go to low-income working families—which will bolster the incentive to work. Says a senior finance official: "Whatever else, we want to encourage work."

That discussion has spilled down to the provincial level. Officials in some provinces are divided over how to use their welfare savings: some argue for extra payments to all impoverished families, while others want to devote the extra funds to the working poor. Simon Fraser University economist John Richardson notes that poverty is often associated with factors such as single parenthood and persistent unemployment. "More passive, entitled assistance will not do much good," he says. "Money should be used to make it more attractive to be working." Like the problem it is a debate that no one will resolve overnight. But Ottawa and the provinces have taken the first baby steps to solve it—together.

MARY JENSEN



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People

Edited by
BRIAN WICKENS



Seeger, the latest incarnation of folk music

A Seeger singalong

Ever since the emergence of Woody Guthrie in the 1930s, folk music has been a fixture of the North American scene. Peter, Paul and Mary, Bob Dylan and Joan Baez gave it a mass following in the '60s, while Joni Mitchell and Gordon Lightfoot kept the tradition going strong in the '70s. Through it all, the legendary Pete Seeger has presided. Last week, the 78-year-old singer, son of an upper-class New York State family who wrote such classic protest anthems as *I'll Ride a Horse* and *Where Have All the Flowers Gone?*, was the headline act at an evening celebrating the genre. The Folk Decade Gala Concert at Toronto's Massey Hall is dubbed such diverse acts as Lesley, a Celtic band from Laticfield, Ont.; Myra Wynnwood Hart, a blue-eyed Delta blues singer; infense (Baldie, N.Y. indie/rockers); and veteran Montreal singer/songwriters/multi-instrumentalists Kato and Ann McGarrigle. The spry, silver-haired Seeger, did what he has always done best—led the audience (and the other performers) in a rousing singalong of the classic *Amos*.

Masters of the blues

Blues rocker Collie Jones was just a toddler when the sounds of the blues filtered in to Toronto for a once-in-a-lifetime recording session in 1966. Such artists as Muddy Waters and the duo Sonny Terry and Brownie McGhee spent three days in a CBC television studio filming a special that was broadcast later that year. Now, after collecting dust for over three decades, the vintage tapes have been restored and re-edited into a one-hour special that the CBC will broadcast on Feb. 28. Collie Jones Presents *the Blues Masters*. Toronto-based Jones, now 32, grew up a fan of the blues and says he could not resist the opportunity to be the show's host. A particular highlight for him was sharing the stage—with mod-



Jones: "I did not want to be stereotyped"

ern technology—with legendary bluesman Willie Dixon, who died in 1962 at age 76. "The tape just started rolling and I surprised and played along," says Jones, describing his addition to the original solo. "We only did the one song, though, because I did not want to be stereotyped." Spoken like a true fan.

Oscar looks beyond L.A.

For an event to be held in Hollywood, honoring Hollywood, it was all very an-Hollywood. When the Los Angeles-based Academy of Motion Picture Arts and Sciences announced its list of Oscar contenders last week, only one of the two movies nominated for best picture was from a major Hollywood studio—in Star Pictures' *Jury Duty*, starring Tom Cruise. The other four best-movie nominees for the March 24 Academy Awards came from independent studios. And among them, the movie set in Italy and North Africa

Scott Thomas: best actress

by a British director with a French, English and American cast picked up the greatest number of Oscar nods. In all, The English Patient—based on Toronto writer Michael Ondaatje's award-winning novel of the same name—received 12 nominations. As well as best picture, these include best actor (Ralph Fiennes), best actress (Kristin Scott Thomas), best supporting actress (Galeena Sinichev) and best director (Anthony Minghella). If the wartime romance brings the big winner an Oscar night, Hollywood, no doubt, will then need to make *The English Patient* 2.



Cuisine Cookbook. Annette, 40, who was born and trained in Germany before moving to Canada in 1977, also insists on in-season ingredients—fruits and greens in summer, root vegetables and preserves in winter. And while his approach has earned him kudos far and wide, to Annette it just plain makes sense. "Many chefs have creative overkill," he says. "I mean, who wants salmon trout/salmon?"

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BY SHARON DOYLE DREDEGER

Gloria Griffling swears it's the best way to beat a cold. At the first hint of a sneeze, a sniffle, or a scratchy throat, the 68-year-old Vancouver-area school employee pops a zinc lozenge and lets the tangy, nuttally-tasting mineral dissolve slowly in her mouth. "It does make a difference," says Griffling. "I used to have a lot of colds and they would hang on for weeks. Now, I have one a year—if that." The difference between Griffling and thousands of other Canadians now trying alternative cold remedies is that she was an early convert. She began experimenting with zinc lozenges more than a decade ago, when only a handful of herbalists and health-food dealers used them. "In the '80s, it was considered off-the-wall," recalls Griffling, whose anti-cold arsenal also includes vitamin C and echinacea—a popular herb tested as a cold preventive. "I would ask for zinc lozenges at a drugstore and people would say, 'What's that?' Now, they're mainstream—you can buy them at a chain store."

Zinc lozenges are catching on faster than the flu in February. "People are starting to buy them like crazy," says Sam Ibrahim, owner of the Nutrition Plus Pharmacy in Edmonton. At the same time, health-conscious consumers continue to stock their medicine cabinets with echinacea—one of the best-selling medicinal herbs in North America, with estimated yearly sales in the tens of millions. "It is almost as popular as Prozac, a spokeswoman for Windsor, Ont.-based Jamieson Laboratories, one of four Canadian manufacturers working overtime to meet the growing demand for natural cold and flu remedies. "Last year, sales of echinacea tripled over 1995 and, so far this year, sales of zinc have tripled over last year."

The also-in-the-air is the profitability—and credibility—of zinc- and echinacea-based lozenges was administered, surprisingly enough, by conventional medicine. Last summer, researchers at the Cleveland Clinic Foundation in Ohio published a study in the respected *Annals of Internal Medicine* suggesting that zinc lozenges—taken within 24 hours of the onset of symptoms—may cut the duration of the illness by "two weeks," one third as long. Michael Macklin, who led the study, "It's not what I'd call a cure, but cold symptoms do go away more rapidly."



Modern and customers buying 'herb like crazy'

Cold comfort

A mineral and a herb win supporters in the battle against the sniffles

But many Canadians appear willing to experiment with natural cold remedies even without a medical seal of approval. "I don't know if it's just horsehooves or if it really works," says Leslie Johnson, a Toronto mother who takes echinacea and gives it to her three-year-old girl during the winter cold season. "But my daughter seems healthier—she may get a runny nose, but it doesn't become a full-blown thing," talks Johnson, among those who echinacea and zinc will reduce their susceptibility to colds—an understandable goal given that the average adult suffers three or four colds a year, each one lasting about a week. Children—less resistant to the 200 or so viruses that cause the common cold—a suffer twice as many. "There is also a growing frustration with modern medicine," says immunologist Tina Lee, head of a study on echinacea at Dalhousie University in Halifax. "There is no cure for a common cold, so people are going

back to traditional remedies which have been around for millennia. If they've been around that long, there very well might be something there."

For thousands of years, several North American native societies, including the Sioux and the Blackfoot, relied on echinacea to treat an astonishing number of unrelated ailments: from snake bites to diphtheria. Native healers would apply the root—the most potent part of the plant—directly to an aching tooth, sore throat or infected wound. Popularly known as the purple coneflower, echinacea grows wild on the Prairies and in the woodlands across the continent. Now, the pungent herb, produced by commercial growers, is cropping up on drugstore shelves as an ever-increasing variety of preparations, from liquid extracts to capsules, chewable tablets, tea bags and a new lemon-flavored drink called Cofluence. Herbalists continue to debate the merits of E. purpurea com-

pared with E. angustifolia and E. pallens—the three varieties used medicinally—and whether echinacea is more effective in liquid or dried form. But all of them tout its ability to fight colds and flu by strengthening the immune system. "The Health Protection Branch [of Health Canada] recognizes a far more throat," notes Ibrahim, who studied

herbal healing for two years in Germany and now owns NutriVie Pharmaceuticals, a manufacturer of echinacea. "It's not a cure, it's not a cure, it's not a cure."

But Dalhousie's Lee, like many mainstream scientists, remains unconvinced. "Echinacea definitely stimulates the immune system," says the immunologist, citing a recent German study in which laboratory mice were infused with a deadly bacteria. Half recovered large doses of echinacea and survived, while the untreated mice died. "We know it works by injection," states Lee. "The question is—if you take it orally, does it work? The answer is that it is nobody knows." Although many of the hundreds of studies on echinacea have produced encouraging results, he reports that there is still no solid clinical proof where oral echinacea has been shown to work.

One problem, says Lee, is that researchers have been unable to identify echinacea's "active ingredient." He suspects that the plant's polysaccharides—a form of carbohydrate—may be responsible for its immune-boosting properties. If that is the case, notes Lee, "it is not all that surprising that it would work only because our bodies are designed to digest polysaccharides. We would break them down and they would be no damn good." Still, he hopes his research team will eventually identify echinacea's active ingredient and find a way to make it effective in its oral form. "This not ready to write it off," says Lee. "In fact, there is so much in the herb, if I start getting a cold, I might give it a try."

In the meantime, sufferers can count on zinc lozenges to zap a cold, right? Well, maybe. On Macklin, the senior investigator of the Cleveland Clinic's study of 300 patients, confidence that their encouraging re-

sults are "absolutely not" definitive. "It's only one of eight studies, he points out, four concluded that zinc lozenges reduced cold symptoms, four concluded that they did not. It is unclear, adds Macklin, why the lozenges used at the Cleveland Clinic—13.3 mg of zinc gluconate glycine, a type sold under the brand-name Cold-Ease—produced different results than other formulations. "The question," says Macklin, "translates, 'Why does it work?' According to one theory, he explains, the zinc acts via virus in the mouth and throat, preventing them from "deciding" onto the body's receptor cells. Or, perhaps, the lozenge—like some natural cold lozenges—may raise the level of zinc in people deficient in the mineral, stimulating the immune-system response to the cold. Still, Macklin says, "it is reasonable" for a cold sufferer to try to reduce symptoms with zinc lozenges—"if they can tolerate the side effects." About 30 per cent of the participants in the Cleveland study reported that the lozenges associated them. Others decided they would either put up with cold symptoms than the unpleasant taste of the lozenges. "You get that taste in the mouth," the study dropped out because of the taste," says Macklin, who adds that "since then the people who make lozenges have become much better chemists." The sweeteners may help the lozenges go down, but Macklin adds a warning: ingredients added to certain brands to mask the bitter taste of zinc also reduce its effectiveness. One ingredient, zinc is an essential nutrient, plentiful in many foods, including red meat and unrefined grains, but an overload can be harmful. "If you take too much for too long," cautions Macklin, "it can actually make you more susceptible to colds."

Is it safe to take zinc and echinacea for a cold? "It provides relief, I would not be opposed to it," says Dr. Claude Renaud, director of professional affairs with the College of Family Physicians of Canada, noting the substances—synthesized by Health Canada—are sold if used on an adult who takes them. But Renaud says that he has not been concerned about prolonged, unsupervised use of any alternative remedies. "A vast majority of patients don't report it to their physicians," notes Dr. William LaValley, head of a committee studying complementary medicine issues for the Medical Society of Nova Scotia. "They are already being chastised." LaValley sees little in common with echinacea in patients with colds or sore throats. But he does not discount a possible place for it. And he'd tell it is a true cold. "It will either be better or worse, to seven days, no matter what you do." □

Risks and benefits

When Gentile Collier takes echinacea, she follows the instructions on the label. "If I feel a cold coming on," says the 43-year-old Calgary mother, "I start it for two days—take 15 drops 10 times a day, where the bottle says take 15 drops three times a day." Collier believes that, if she sticks to the recommended dosage, she would "fall and go coming down with a cold." Whatever risk Collier may be taking, she notes many echinacea users "are following advice offered by most herbalists and naturopaths." Take a high dose for a day or two at the beginning of a cold or flu, take a low dose about a week and then stop. "If you prolonged it at the beginning," says Vancouver herbal-

ist Chantal Calvert, "you won't get the action you are looking for."

But Tim Lee, a Dalhousie University immunologist and head of a study on echinacea, says there is not enough standardized in echinacea products to make such advice reliable. In an approach, in fact, he says a capsule or a drop of echinacea from one company may be as much as 1,000 times stronger than another brand. "Both will appear on the shelves," says Lee. "But the same exact of echinacea," he notes. "How much should I take?" Alternative practitioners maintain that echinacea is not toxic even in high doses. But Lee recommends moderation—and following the directions that the manufacturers have approved to put on the label. "It is a recommended dose," he explains, "because the people providing it know that it can't do any harm."

S.D.B.



A lingering mystery

Six years after serving with the U.S. army in the Persian Gulf, Steve Robertson is finally doing much better. He is back playing basketball and golf, and at 300 lb, he looks anything but frail. But for most of the five years after his return from Saudi Arabia, Robertson, now 47, was plagued with symptoms that have become all too familiar to those who track the mysterious ailments known as Gulf War syndrome. Fatigue, diarrhea, chronic aching joints, memory loss, blistering skin and a hacking cough—Robertson had them all. He had spent four months in the desert as a military police staff sergeant, guarding supply depots. He was exposed to pesticides and thick smoke from burning landfills, and took an experimental pill designed to counter the effects of chemical warfare. After he started feeling ill before his assignment was over, "I thought I had a flu that wouldn't go away," he recalls now in his Washington office, where he lobbies on the issue for the American Legion. "After I got home, I couldn't shake it. At times I could even remember my own phone number. That's when I realized something was really wrong."

Sometimes it was really wrong for thousands of Gulf War veterans. Some 80,000 at the end of 1990. Americans who served in the Gulf in 1990 and 1991 have registered concern about their health with the department of veterans affairs; about 25,000 are receiving disability payments. Roughly 1,000 British veterans have filed claims with their government for health problems following the brief tour of duty in Iraq from Kuwait. And about 150 of the 2,500 Canadian troops who served there—mostly among those who were in field hospitals or attached to U.S. units in Saudi Arabia—have also complained of symptoms.

Why are thousands of Gulf War vets feeling ill?

Other service vets who have serious health complaints. Two studies, by the Centers for Disease Control and the U.S. Navy, found higher rates of a host of ailments—joint pain, chronic diarrhea, depression, skin rashes and fatigue.

Scientists and veterans' groups have compiled a list of factors that might be linked to these signs of illness. Some soldiers were exposed to smoke from burning oil wells, petroleum products and, in some cases, depleted uranium from advanced anti-aircraft weapons. Many were given vaccines against exotic diseases or sprayed with pesticides. Others—like Robertson, whose condition improved in the past year after he started taking anti-acid medications—took a drug called pyri-

doxine bromide. Prescribed to combat the effects of a possible Iraq nerve gas attack, the drug was experimental—but vets were not told that at the time.

Now, researchers are concluding that at least some of the sick veterans may be suffering the effects of combinations of these drugs and chemicals. Among the soldiers that scientists at the University of Texas and Duke University studied, some had never put on a full combat uniform, but they had experienced a chemical weapons attack, and a third group used heavy doses of a bug repellent containing DEET, an ingredient of many commercial repellents. All appeared to be suffering from symptoms of a nerve disorder called organophosphate-induced delayed polyneuropathy that scientists have long associated with pesticide use.

But most of the new studies of Gulf War illness do not address the possibility of exposure to chemical weapons—a factor that many veterans consider crucial. For years, the Pentagon insisted it had no evidence that any U.S. serviceman had been subjected to Iraqi chemical agents. Then, last June, it announced that an army of 20,000 troops might have been exposed to nerve gas in March, 1991, when U.S. army engineers blew up an Iraqi ammunition bunker at Khamsa in southern Iraq. The Pentagon said UN inspectors had just discovered that the bunker contained mustard gas and nerve, a deadly nerve agent. That announcement destroyed the defense department's credibility in the eyes of many veterans.

Other scientists, including members of a special committee appointed by President Bill Clinton to review the evidence, point in another direction. In a report to Clinton, they say the research to date suggests that psychological stress is likely a "major contributing factor." Dr. Michael Hodgson, an internist at the University of Connecticut and a consultant on Gulf War illness to the American Legion, notes that after past wars, it took months for many soldiers to return home, giving them time to talk out their experiences with their comrades. But after the Gulf War, vets were back within days—leaving the stress of war with them. Many veterans' groups claim that lack of counseling, saying it attenuates the search for direct physical causes of their ailments, Hodgson disagrees. "Recognizing that there is a psychological component," he says, "doesn't mean it's any less real." But Gulf War veterans who have faced that reality for half a decade are still waiting for an explanation.

ANDREW PHILLIPS in Washington



Robertson battle-induced stress and nerve gas are possible causes

Music

Sophisticated lady

Diana Krall has got the jazz world on a string

Diana Krall, the jazz sensation from Manhattan, N.Y., is, indeed, "a woman sort of perfectly timed," says the 32-year-old, who has won a nomination for best jazz vocalist at the Feb. 20 Grammys. "It's been a bit overwhelming," she says at interviews and shows, and I'm still working out the material for the new recording I'm doing at the end of February." Krall has spent much of the past two years on a world tour with 11 big band ensembles and a bad case of stage fright. There has been precious little time to see family and friends, although the singer-pianist talks to her parents' back home on Vancouver Island "every other day, at least." As for a significant other in her life, New York City-based Krall says, "Jason, I don't even have a plant. It's too easy to get lost."

Then she stops and smiles. "But I want to make it clear, in case I haven't already, that I'm having a lot of fun." Like most overnight sensations, Krall has been paying her dues for quite a while. Her first album, *Afternoon*, after the release of a collection of finely nuanced interpretations of lesser-known Nat King Cole tunes, has made her the subject of much "not new" media coverage. But the press

hasn't noticed Krall has been performing for more than a decade as a 19-year-old soloist at a Manhattan restaurant where past great Ray Brown walked in. Brown, a world-renowned bassist once named by Ella Fitzgerald, had been brought by a friend to lend Krall play. The evening was the beginning of a long association that saw Krall performing at Bennett's 70th birthday party and at the legendary Blue Note Club lounge in New York. Last week, Krall sang up a two-day stint at The Top of the Senator jazz club in Toronto, where tickets were so in-demand that even her stools were reserved. In the audience was Rod MacLachlan, an elegant white-haired woman Krall had bonded with a decade ago. MacLachlan states that while Krall is



Krall from Manhattan to a top-selling CD and a Grammy nomination

happily married, "she has also worked very, very hard to be where she is now." When she is now seems to surprise Krall herself. Since its release last March, *Afternoon* has vaulted to the Top 10 on jazz charts, including a 45-week stay on the *Billboard* list that included a number 3 spot earlier this month. Last last year, *Grown Girl* magazine, the go-to bible, placed Krall third in its annual readers' poll, surpassing Ella Fitzgerald ("There's no musician," Krall scoffs. "You don't beat Ella Fitzgerald; it's not about competition. It's just a sign that you're about people's favorite right now.") And her CD has sold some 180,000 copies worldwide, a success she considers more than respectable. She has

been the subject of numerous profiles and interviews, including quite a few that focused as much on her looks as on her playing. One U.S. magazine compared her to Stevie Nicks and pointed out "luscious golden hair and a smoldering glow." In the UK, she was called "the new Billie Holiday," even ranked as one of her accomplishments as a vocalist and pianist.

Those ones are well deserved. Krall's alto voice slides easily from sultry to saucy in a beat. While she is the first to admit that her range is not wide, "I'm definitely not a belter," she says, her phrasing and inflections can make an old song sound like something fresh. And Krall's dexterity at the keyboard makes it easy to forget that there have been remarkably few jazz pianists who play and sing with equal ease among them are some of Krall's idols, including Shirley Horn, Carmen McRae, to whom Krall is frequently compared, Nina Simone and, of course, Cole

March. March sought after guitarist Russell Malone, who plays on the CD. The album and has performed with Krall from Mexico to Japan, says that her vocal and instrumental talents go hand in hand. "I think one of the reasons she sings the way she sings is because she is a musician—because of her ability at that piano."

If Krall's credentials and arrangements of jazz standards have a ring of authenticity that belie her years, part of the explanation lies in the fact that she grew up steeped in jazz and pop music. Her father, accountant David Leonard (Jazzies and another, teacher Jerome Adella, have a vast collection of albums and sheet music). When Krall was growing up in Nanuet, the whole family, including younger sister Michelle, would go together at Krall's grandfather's house to play piano and sing, with the music of Fats Waller and Duke Ellington.

At school, her musical education broadened. Band teacher Bryan Stoll recalls hearing her when she was 15. "Four hours to her first solo," he says. "I knew she was destined to be at least an excellent jazz player." When Krall was 16, Stoll introduced her to Toronto pianist Don Thompson (with whom Krall has recently played for two years) and later her album by jazz pianist Miles Davis, Charlie Parker, Bill Evans and Oscar Peterson. "I think with great talent like that you can be forgiven if you go the naive route," Stoll says. "She was immersed in the whole game."

That talent and passion were Krall's scholarship at Stoll's prestigious Berklee

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College of Music, which she attended for a year and a half. Mentor Roy Brown suggested Krill study with pianist Jimmy Rowles in Los Angeles, which she did in 1984 with the help of a Canada Council grant. After three years in L.A., Krill moved to Toronto to study with Thompson and perform at local clubs. By 1990, she had moved to New York but played most often in Boston, where she finally felt comfortable enough to sing as well as play piano. "I was working seven hours a night, three hours as a soloist and four with a trio," she recalls. "It really grew musically, and now, as artists, as well as on the outside." During the same period, she made two CDs, *Stepping Out* (with Montreal's Justin Time Records) and *Only Your Heart* (GRP Records) in the United States, which bought Krill out of her Canadian contract and released *After the Under* in 1994.

Krill sees a variety of jazz and its practitioners. Unleashing *All for One*, she says, "We're not trying to recreate the Nat Cole Trio. It's more about the beauty of the music, the joy in it, and the simplicity, which is the hardest and most complex thing to achieve." Her affinity about her music is learned by a down-to-earth manner, a refusal to let the tempo go to her head. She says that she is thrilled to be making an appearance in March on Garrison Keillor's U.S. public radio show, *A Prairie Home Companion*—a family favorite along with several CBC Radio programs. "Krill came to see my show in St. Paul, Minn.," Krill recalls. "And what was a complimentary note on a napkin. I was so thrilled I called my mother."

Her close family ties are what kept her grounded. Krill says, "Last May her 55-year-old mother was diagnosed with multiple myeloma, which has since been successfully treated with a bone marrow transplant. So despite the German pronunciation and everything else, it was a very mixed year," she says. "When terrible things like that happen, it shows you what's really important. And it taught me a lot about hope and strength and kindness, things I saw while my family went through this." Playing the piano, Krill adds, was great therapy. "Something that helped me work out all that angst."

As she heads into a New York studio next week to record, Krill is still deciding which tunes she will perform. She spends hours listening to an eclectic group of musicians, everyone from Sam's Vaughan to Janis Joplin to Larry Coryell. "Choosing the right material is the most joyful part," she says. "That may be true for Krill herself, but for her fans, the most joyful part is listening to what she does with it."

DANIE TURKHE with
BARCK THOMPSON in Toronto



Cockburn and band
for another about
human and the world

Singing in the dark

THE CHARITY OF NIGHT
Bruce Cockburn
(True North/MCA)

One mark of an enduring artist is his openness to change and his ability to reinvent himself. Over the course of a long, stellar career, Bruce Cockburn has varied his sound and tried on new images almost as often as David Bowie, pop music's ultimate chameleon. There has been Cockburn the pastoral folkie (*Going to the Country*), Cockburn the grunge Christian (*Icy Will Find a Way*), Cockburn the urban greenie (*U2 Ried a Broken Law*), and Cockburn the environmental crusader (*On Two Feet*). Stylistically, his work has run the gamut from folk and jazz to blues and rock. Through it all, he's remained remarkably true to his music, writing songs that touch on nature, love, human self and the world around him.

Now, with his 12th album, *The Charity of Night*, Cockburn the strange explorer has taken his many phases to produce an album of haunting beauty and depth. The album opens with the visceral tag of *Night Drowsy*, pulling the listener into the bleak, dreary world that pervades much of the recording. Over a shuffling beat, Cockburn sings about escape and isolation while he sings imagery of a Raymond Chandler novel. "I can only remember scenes, never the stories that I live," he confides on his jazz-driven *Midnight in Sweden*, one of several songs with spoken verse. Yet the vivid metaphors scattered throughout the al-

bum tell stories, evocative tales. *Get Up*, Joseph describes Cockburn's character encounters with former Kingpins in current police states in order to paint an edgy portrait of death. Likewise, the almost cinematic *The Trick* conjures up scenes of sex and sexual aggression to explore the instability of desire.

There are also romantic ballads and one message song, written about the painful problems of land mines in Mozambique. These pale next to several controversial, soul-searching compositions. *Stranger Water*, with its thrumming medieval tones, sounds like Cockburn has reached some sort of spiritual crossroads. And *The Whole Night Sky*, a sensuous, dance number featuring Boston's Ruff's churning slide guitar, sinks "downfall and desperation/now did I get here/haunting from this high way/By the bottom of my faith."

Cockburn's new restlessness is best expressed on *Acquainted*, a song that recalls his acoustic gem *All the Diamonds in This World*, Cockburn sings of the need to keep changing his co-ordinates. "The proof that I am so many times the 'sugarcane strip's' worn thin/and each time I was someone else/and everyone else was taken in." At the same time, he appears willing to take new risks, singing "Secretaries the darkness is your friend." Embracing both the familiar past and an uncertain future, *The Charity of Night* shows Bruce Cockburn bravely turning expectations into stunning songs.

NICHOLAS JENNINGS



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Ghosts of the land

Unearthing history in a desolate patch of Ottawa

AN ACRE OF TIME

By Phil Jenkins
(Montreal: Walter & Ross,
267 pages, \$29.95)

There were those, no doubt, who mistook Phil Jenkins for just another migrant. Between 1950 and 1953, he could often be glimpsed prowling around the woods of Le Breton Flats, situated a few hundred metres up the Ottawa River from the Parliament Buildings. At times, he seemed to be searching for something in the weeds, and at others, relaxing in a deck chair while the traffic roared by. In fact, Jenkins was, in all likelihood, the Ottawa Census, was studying the area (the fact he had chosen to be the central focus of *An Acre of Time*, his charming meditation on local history and the passage of the epochs.

"This pool of ground will be my Walden," Jenkins writes in his opening chapter, and for the next 240 pages he tracks his acre—and the surrealising region—across billions of years. His book begins with the origins of the planet, rushes through the subsequent development of the acre's flora and fauna, and settles into a long narrative of its human inhabitants, from native peoples to explorers, pioneers, frontier barons, merchants and socialist workers. Jenkins also follows the more recent history of the area through the voluminous records of the National Capital Commission, which acquired Le Breton Flats in the 1960s. Although no working-class houses were raised, plans for an office complex and later for a park fell through. Today, the Flats are used as a makeshift rail yard, a place—crows gathered there to see the Pope during his 1984 visit—and as a dog-walking ground.

The great pleasure and richness of Jenkins's book lies in the balance it provides to the modern world's tendency to perpetually annihilate and forget its own landscapes.

By an act of scholarship and imagination, Jenkins has created a meaningful "time" for a tract of land that, to all purposes, has become a kind of nowhere as only, so-called areas unnoticed by the commuters who speed by it, the has been repopulated with new residents and ghosts, and so has established a depth and richness of time that the hurried present all too frequently lacks.

In a sense, Jenkins's book is not just about a certain area of Ottawa, but about the whole

important imaginative act of a time when it seems crucial to change the old, epicurean attitude of humans to the earth.

An Acre of Time does have its weaknesses. Even Jenkins's energetic prose cannot guarantee his summaries of the acre's volcanic, prehistoric past his tales of melting rock, eroding mountains, and advancing forests are, perhaps of necessity, too generalized to be very interesting. And he can be irritatingly lap, as when he writes of the *coureurs de bois* as "the French 17th-century equivalent of outlaw bikers." His "look over the last line" of the book trade. But whatever its distinctions or shortcomings in the book is far outweighed by what is original and engaging. Jenkins has real phrase-making talent, as when he evokes "sturgeon the size of caissons," and he serves up some fascinating historical trivia, including the news that the "first" in coal mine comes from the old Spanish coin, the real.

The best parts of *An Acre of Time* chronicle the histories of relatively obscure individuals—some of them still alive—who once lived on, or even owned, the river flats. His most affecting chapter concerns Canadian Prairies, an Algonquian chief, and one of the last native people to actively hunt and trap in the area. Over the years, the British largely ignored the acre's significance that settlers were occupying his lands. In the end—despite heroic service to the British in the War of 1812—Peasey and his people had become ingrown and fugitives, hiding among the few scraps of forest left standing by the region's voracious lumber industry.

There are many other striking figures in the book, including John Seppelt, the hard-luck surveyor whose struggles to subdivide Peasey's land in time are vividly recreated. Jenkins also writes with of John LeBreton, an early developer after whom the flats are named. The accumulative effect of such stories is awe-powerful. Caught in a swirl of time as much larger than the individual, Jenkins's protagonists illustrate the old but best advice that man's lives are so transient as grass. Seen from such a perspective, the idea of owning land seems almost absurd; it would be more accurate to say that the land owns its owners, for as this eloquent book makes clear, it is the land alone that endures.

JOHN REMBOISE

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WHAT MATTERS TO CANADIANS

Films



Nick Cassavetes.
Audacious, stylish

The Cassavetes' queen

Only the stars expect justice from awards. But with last week's announcement of the Oscar nominations, there was a sad omission. No, not Madonna (who would need a special category for best lip-synch artist), or even Courtney Love (who did deserve recognition for *The People vs. Larry Flynt*). No, what seems most regrettable is that the Academy managed to overlook a stellar performance by Gene Rowlands, the most prodigiously talented American actress of her generation. Rowlands, 52, has been nominated twice—for *A Woman Under the Influence* (1974) and *Glenn* (1980), both of which were directed by her late husband, John Cassavetes. But she has never won an Oscar. Her latest film, *Unhook the Stars* (which hit U.S. screens last year in time to be eligible), would have afforded a period of opportunity denied by her 39-year-old son, Nick Cassavetes, else debuts one of the most personal, and touching, performances of her career. And Cassavetes, an actor biding his first turn behind the camera, shows flashes of his father's brilliance.

Rowlands stars as Wilfred, a suburban widow being an empty nest. Her married son lives in another city, and her rebellious teenage daughter (Megan Kelly) has suddenly moved out. But before Mildred has time to adjust to her new solitude, a distraught neighbor named Marica (Marisa Tomei) comes knocking on her door seeking refuge from her own life. Marica's husband has just deserted her, and she needs someone to look after her shy six-year-old son (Jude Lloyd) while she works a split shift at a factory. Mildred gets a second lease on motherhood. And in an amazing subplot, she parries the advances of a French-Canadian truck driver played by Gerard Depardieu (with a French, not a Quebec accent).

A sensitive drama with cosmic bangs, *Unhook the Stars* throws a spotlight on the kind of character who has been shunted to society's fringes, and is rarely represented among movie heroines—a woman who feels abandoned after outliving her usefulness as a mother. Without descending into pathos, Rowlands invests the dilemma with inspiring fortitude. And Tomei, whose career soared after the Oscar coup of *My Cousin Vinny* (1993), redresses herself as Marica, a dirty-mouthed, pop-psychon spinster. Rowlands is an immensely gracious presence both onscreen and off. She shows us her interview deeply stirred in a black suit, blazer and scarf and matching finger-plate, a trail of diamonds flowing from a large ring. And she levels the interviewer with a penetrating gaze that manages to be both warm and imperious. Her son, the

says, wrote *Unhook the Stars* specifically for her, and the role came close to busting. "There are always parts of you in everything you play," she allows. "But certainly this one is easily identifiable. I have [three] children who are grown, my husband's dead, and I've reached that wall that people reach that you have to jump over or walk around."

At one point during the shoot, she recalls, she questioned the director about the many scenes in which her character reads to the child from an encyclopedia. "I said, 'Well, this child is too young to be reading an encyclopedia.' He said, 'Mum, you read me an encyclopedia from the time I can remember. You'd tell me to go put my finger on something and you'd read it to me.'" Rowlands laughs. "I realized that it was part of that mother madness, that you want to teach your child every single thing in the world."

Nick Cassavetes grew up around movies, for his father often used the family home as his set. And some of the talent scenarios have rubbed off. "Their way of handling scenes is very similar," says Rowlands. "Sherry, John and Nick are crony about scenes. They're very warm and expressive, very pleased when you do something they like. But Nick is much stricter about sticking to the script."

There's no doubt he usually has the best of John. Cassavetes seemed to hover over the director of *Unhook the Stars*. "Nick and Gene would always be talking about him," she told *Maclean's*. "They'd say, 'He's watching us now' or 'He's looking at us now'—you know, it's something worth seeing." The style of *Unhook the Stars* is sweeter and lighter than the raw psychological drama painted by John Cassavetes. But Nick, shooting without sets on location in Salt Lake City, does his own magic. "I was a real man of his father's work," he has said. And his second film, *Sherry's Lonely*, which he just finished shooting with Rowlands, is based on a script by his father, who died in 1989.

John Cassavetes pioneered independent American cinema. Working as an actor in such Hollywood megahits as *Armstrong's Baby* (1956) and *The Dirty Dozen* (1967), he used his face to finance his own low-budget films, usually starring his wife. He shot in a documentary style, with actors who had their characters' own lives. Since the 1960s, American independent cinema has become as much a part of the mainstream culture as "alternative" rock. It is easy to pick out the milestones—Dennis Hopper's *Easy Rider* (1969), Martin Scorsese's *Moonlighting* (1971), Steven Soderbergh's son, Ben, and his mate, Lindsay Lohan's *Freaky Friday* (1993). But it all began in the 1960s with Cassavetes—and an extraordinary actress who is still gradually carrying the family torch.

IRISAN D. JOHNSON

FILMS

Honeymoon sweets

Tart Aussie charm beats out Indian treacle

Feeling a good date movie—a love story with sex, humor, romance and a touch of intelligence—is almost as hard as finding love itself. Here are two caramel-colored valentines from the other side of the world that are fit for the heart with witfully different results—Australia's giddy *Hotel de Love* and India's opulent *Kama Sutra*. Both films are funny, but the former is intended as only one of the *Hotel de Love*, a sexy comedy set in a honeymoon hotel, skips along with an intoxicating wit. *Kama Sutra*, an earnest fable set in a 16th-century town, is an upkissed romance fest of erotica.

Hotel de Love offers yet more compelling evidence that there must be something in the water, or the sunshine, of Australia that gives its film-makers a quirky edge. Writing and directing has dual feature, Craig Rosenberg strikes a clever balance between comic lechery and unbridled passion.



Young (left), Barrows: Aesch intrigues with a soft curve

that is reminiscent of Ben Lerner's 1993 hit *Stevy Nicks*. But Rosenberg's script was inspired by a visit to Niagara Falls, Ont.—where a hotel manager nudged him

with tales of newbies whose marriages had collapsed there. Set in Australia, the story revolves around Rick (Adam Young) and Stephen (Simon Russell), fraternal twins who fall headily in love with the same dream girl, Melissa (Suzanne Barrows) and Rick have a capricious big whale Stephen soothes with unrequited, and unrequited, love. Ten years later, Stephen is still pining away for Rick, meanwhile, is the cynical and loveless manager of *Hotel de Love*, a tacky honeymoon palace with "theme" rooms and a five-foot cat named Nugget Sausage.

The brothers gleefully reside at the hotel to witness their belated parents' reunion after an idyllic honeymoon—much like Rick Meets is watching "ambulance attendants shove the accident victims back into the car wreck." But when long lost Melissa checks in with a fiance in tow, the warring Rick and the miserably stoical Stephen are back in the arena, competing for her charms.

The delightfully brittle intrigue takes as many twists as a hotel, with bedrooms designed as pagoda and corals, as a screen. Set, and all the camp, which most surprising film convention is its well-crafted. The movie's script play as beautiful, but-out romance-making *Hotel de Love* an irresistible package.

Kama Sutra, which takes its title from the ancient Indian sex manual, could take a lesson from the Australians—conceivably, that comedy makes romance more palatable. In *Kama*, Indian-born writer-director Mira Nair tackles love head-on, with a baroque mix of sensual posturing and moral purpose.

Nair (*Solomon's Mines*), Mississippi *Muscle* has conceived an erotic tale about a servant, Maya (Rani Mukherjee), who grows up as a prostitute but is a genius, Tara (Smita Chhabra). After studying the erotic arts at a kind of *Kama Sutra* master camp, Maya becomes a courtesan to Tara's husband, the detached Raj Singh (Naveen Andrews). But while serving time in the fleshpots, she falls for a royal scold (Ramon Tikaram), a fish-out-of-water who carries bag-laden wealth in shoe and struggles with a love of commitment.

The film has its merits. As a spectacle of Indian landscape and decor, it's embedded with and beguiling. It is a feast for the eyes. But the eyes soon glare over. The story has the depth of a daytime soap. The characters behave as if their brains are pickled in honey. And the erotic scenes owe more to the coy voyeurism of *Playboy* than to the kaleidoscopic *Kama Sutra*. Still, it's no mean feat to have made a boring movie about Tantra sex.

BRYAN D. JOHNSON



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Allan Fotheringham

Chrétien: he gets along by going along

The chickens always come home to roost. So it is with the Ministers of the West, Kim Campbell, who last week in a letter to the Chrétien, who is explicitly rewarded her with that plush mansion in Los Angeles as the Canadian consul general.

Now she's going to be up about her outraged mansion in the Senate. She said the marriage minister in the PMO are reportedly advising her not to shut up or resign her post—that—strangely for a Liberal prime minister—was given to a Tory.

It reveals all you want to know about Jean Chrétien. He believes in process. And tradition. And the Old Boys network (and when necessary, the Old Girls network). Inquisitiveness has never entered his vocabulary—which is limited at best. When in doubt, he takes the safe route out.

This is one of the greatest con jobs in Canadian politics. Chrétien, probably the most successful man in Canada, has been a father and his day for political inspiration. Our current Prime Minister, some time this year to be named for a second term, seems the finest conservative cover-up ever headlined by a Liberal leader.

It is his tactics. It is his natural inclination. As the only citizen in the country who can't speak either of the two official languages, he is continually astonished at how he has surpassed his Prime Minister. He succeeds by disguising his true intentions.

The reason he put the kicking head grounds as Canada's representative in California is because he believes in the game—that rewarded him—above all. Campbell, after all, he reasoned, was a prime minister—if only for five minutes—and deserved some reward. Mostly because she couldn't find suitable work. Noted by her party, without a parliamentary position because she had been here in the Commons long enough to qualify, without the postgraduate qualifications to get a university job, not wanted by her old law firm. Chrétien who is in the care of his wife—she has been—has tried to persuade her into the Mexican ambassadorship. The party tried to persuade her into Foreign Affairs west business, anticipating the ambassadorship now apparent in Los Angeles.



Campbell is only a symptom of the Chrétien personality flaw now becoming obvious to disillusioned voters. He believes sincerely in the seniority route to the top—first, office boy, then messenger with the coffee, moving on up to flunky, and so on, each gradual step to the top. During laughs and more conversations are always to be avoided.

When Bill Clinton came to Ottawa to deliver his address to the Commons, he said that he was astonished when his staff showed him Chrétien's staggering number of cabinet positions. "I wondered," said the president, "whether they could ever keep up."

The crowd loved the piff, an old Chrétien, but beneath that sat was the truth. Chrétien first entered Parliament at age 23, had been through nine portfolios before becoming PM and to this day not a single policy can furnish out single initiative or reasonable principle or recognizable last point that anyone can recall.

He gets along by going along. In this, he has been guided by his entire political career by Mitchell Sharp, who is now approximately 204, the most difficult conservative ever hidden within the Liberal Establishment.

Chrétien has told every single journalist who has ever interviewed him the story of how Sharp took him to his first cabinet session and told him to sit in the corner. On entering, Sharp advised the minister that all cabinet deliberations were secret and he must not mention a thing. "Dear sorry," Chrétien recalls the moment, "I didn't understand a God damn word."

It always gets a laugh—and reminds the late image of the little guy in the bow-tie as a politician. In the Bill Clinton has proved to be. The reason for a disappointment is that he is such a traditionalist, so cautious, afraid to promote anyone who has not gone through the same office-boy route as he went through.

It is the reason why—having won 56 of Ontario's 89 seats—he refuses to stick out of his back bench some of the strongest bright minds. And sticks with such floundering as Art Egerton and (tragically) David Colville, whose main need to Chrétien is that Colville's wife is on charge of Liberal patronage.

Since the promising Allan Rock's career has been ruined by the Mulroney/Arthur dance, it means Chrétien—who very well may lose his own seat to the opposition this year—hasn't a single strong Toronto minister from the biggest and richest city in the land. With a majority government, it takes some skill to manage that.

The like populist disappeared in that now-famous CBC town hall disaster. We have a case where a minister in opposition Liberal government. And the best looking (in the job, is Fred Martin—who is trapped in a Quebec riding while 75 per cent of the population doesn't want yet another prime minister to come from that province (has happened for 28 of the last 29 years). On that



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